

MONEY AND ECONOMICS

By L. Ron Hubbard

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MONEY

There is a subject on which there is no basic agreement and about which none of us know much apparently. This subject is, however, quite current. One which we find doled out from time to time. A subject which makes or breaks men with the greatest of ease. A subject which is really the root of a great many love affairs. A subject for which there are probably more slang terms than any other subject in the language. That subject is money.

The first thing to learn about money is that the difficulties attendant to issuing it are the validation of it. English money is issued by an organisation which is part of the British Government. There is some authority to issue it. Money issued by the British Government says that if you give *them* a pound note, they'll give *you* a pound note. That's really direct, and Britain is having trouble with its money and has had ever since it became issuable by the Government. It didn't have trouble as long as there were a few more vias on the line. However, people can look at it now and say, "Huh! We know where that came from. It came directly off a printing press. The Government said, 'We'll issue some money', and they did and we are expected to take this. It obviously has no value because it isn't crooked enough!" The British system of releasing currency is very short and to the point. Parliament says, "We authorize currency". The Bank of England then authorizes the printer to run some off and then people pass it across the counter at the Bank of England. Anyone can see this happen and their money has devalued.

In America that's not the case. Most of it is issued by the Federal Reserve Bank of New York City, a private organisation. American money buys more than British because it has additional vias on the line. You never see Bills relating to the printing of bills. Nobody quite traces where it comes from or how. This all came about due to a man by the name of Alexander Hamilton whose name was closely associated with George Washington's in that he had been an aide-de-camp and on all official orders the words "Official – Alexander Hamilton", appeared. On his proposal an organisation called the Federal Reserve, composed of half a dozen Bankers, was formed. Congress authorized a Bill saying that they could exist and at anytime the Federal Government could buy out all of its stock at par value. From that day to this, the U.S. has never had money as authorized by the Constitution and it isn't legal. That's why it is so valuable!

The Federal Reserve Bank issues money in this way: In a ledger someone writes, "Owes us 10 Billion Dollars". Who does? The U.S. Government does. That's the start of money. Now it issues 10 Billion Dollars worth of stock, which the Treasury Department is permitted to issue, and then, because they permitted the Treasury Department to issue these 10 Billion Dollars worth of stock, the Federal Reserve can issue 10 Billion Dollars worth of currency that is backed up by the stock. That's valuable money. Why? Well, it's got more vias on the line. When they retire money, they have to retire bonds. That keeps it legal. How either the bonds or money are worth anything is hard to see because, by current economic theory, neither one represents real property, coin, gold, silver or anything else. They don't even represent "promise to pay." On a Federal Reserve note for 100 Dollars, it says that the United States of America (only it isn't) will pay the bearer on demand 100 Dollars. In what? It's the

same as the Bank of England, except that it's a private bank that does it. You give them a 100 Dollar bill and they give *you* a hundred dollar bill. It is a paper swap. This is not to say that Federal money is no good. It has become so valuable today that it has upped interest rates all over the place.

You will occasionally find a bill headed "Silver Certificate". This is quite different from a Federal Reserve note, and on it is printed, "This certifies that there is on deposit in the Treasury of the United States of America, Ten Dollars in silver, payable to the bearer on demand." You could walk right in and get yourself Ten Dollars worth of silver, just like that, except that they would give you another bill!

That's what you know as money. It is valid and is backed up as money. Here's what makes it legal. It says, "This is legal tender for debts, public and private". That is money, and the bulk of the cash in the country is composed of that.

What is the Character of Money?

Money is basically an idea and its value is proportional to the confidence in the Government.

Whose money is inflating? Inflation is actually an expression of no confidence in the Government. Now I am talking about philosophic money and not economics. The basic ideas which underlie money are simply that it is an idea and a degree of confidence. If you work with these two things in relationship to money, you will understand more than reading thousands of texts on economics.

Money goes bad when people cease to have confidence in the issuer. On Tuesday the public likes dictator B and on Wednesday they hate him. You'll find that on Tuesday the country's money was worth whatever it was worth on the Exchange and on Wednesday it was valueless. That's why they put pictures of Kings and Presidents and Prime Ministers on money. They try to associate these facts. Confidence is just degree of trusting. It is no absolute term. Its *degree* of trust. Trust, of course, is composed of past experience. People who don't trust anyone have had too many past experiences. Total trust is looked upon by people as being total idiocy when, in fact, it is the only condition under which one can exist.

Money is a commodity. It is a substitute. It is a thing. It is something that people push around. It is something that is defined in Economic text books. It is something which is exchanged. It is something which is printed. It is coined. It's minted. It is something for which people get killed. It is something makes it worth while to become a robber. It is something with which you pay dues, tithes, taxes. It is a thing everybody is after. If you didn't have something everybody is after, there wouldn't be a game!

So we get down to one of the most fundamental agreements of our present society: Money is something everybody is after and very few people have. It takes that stable datum. In order for a thing to be valuable it must be somewhat scarce. If you gave people enough money they would simply go and buy, produce and live happy lives; so by keeping it scarce they have a game. They get up in the morning worrying about how they are going to get another one of those pieces of paper and go to bed at night realizing that they've spent one of those pieces of paper that they shouldn't have spent and have nightmares that somebody has

suddenly filled up their beds full of money and wake up to find out that it's not money but bills!

We get all sorts of complexities by which one man owes another man money which he doesn't pay, so the Court gives him a summons. Now he has a piece of paper saying it. Why then, of course, the other fellow should pay him the money because he's got proof that the money didn't change hands when it should have. You get a very nice game going that nobody can understand for the basic reason that there isn't anything there to understand.

Look at this more closely. Nicely and neatly some extra vias are put on the line. In other words, some extra terminals. Federal Reserve has the Federal Government issue some bonds so that it can issue some money so that...

Get the idea? Then we talk about the shortage of money and the scarcity of money and the superfluity of money. We talk about inflation and deflation. We hire people to fill pages in the newspapers concerning the business credits of the moment. We have authorities and teach economy in universities. We get all kinds of things stacked up together on this subject called money in the hopes that somebody will not penetrate and split up the inner sanctum by saying, "Money is as valuable as it is complicated, but when it is too complicated, it isn't." Money is the optimum level of complication that can still be, to some slight degree, uncomplicated.

There are two nasty words in this society. Capitalist and Communist. "Communist" got to be a nasty word because it fought Capitalists. "Capitalist" got to be nasty because they added too many complications. They went beyond optimum by making money do more than it could do. They made money itself manufacture money. Now that is different. It is bad enough to have money issued someplace you don't quite know about and spread around, but how about the fellow who takes two dollar bills and presses them hard enough with an iron to make three. That's pretty downgrade. A fellow can't face outright creation. He has neither the nerve merely to go and get a counterfeiter out of prison and print some, nor produce a machine himself and print some. He can neither produce a machine nor a building or something, for which people then give him money. That is not what a good Capitalist does and this is something that should be very clearly understood.

I'm not rabble-rousing now on the side of the Liberals, the Socialists, the Communists and so forth. The old saw that if you were against Capitalism you were at once a Liberal, I'm afraid has worn all its teeth out a long time since! Just because you were a bit against the Capitalist is no reason that you were even vaguely Liberal. It's not necessarily true at all. Capitalism is something you either laugh or cry about as it strikes you. Here is the fellow who doesn't produce. In some fashion he accumulates money. Now he makes the money make money. The Capitalist has sort of disappeared out of this society. He's been killed off. It's too unpopular an activity.

It is interesting that in the New England States where Capitalism was pretty rife, there was, before the advent of the white man, a tribe of Indians, which of all the tribes in America, understood the charging of interest. When they put out some "wam-pom" they wanted some "wam-pom" plus, back. Those who came in after that got the idea that if you could get some "wam-pom" together, you could make "wam-pom" make "wam-pom", and you were all set.

But who is all set? Obviously the only fellow who is all set is the one who is making "wam-pom" make "wam-pom". Why? Because it is a heavy drag on the actual existing currency. It has a non-producer on the line who is totally a consumer and this is quite a drag on the remainder of his community. It's the same as having somebody in the community who is totally indigent but who has authority.

How would you like to have somebody who couldn't make a dime, who couldn't do a day's work, couldn't do anything, and yet insisted on being fed nothing but the finest of roast beef and pheasant's tongues and had to be driven everywhere in a golden chariot? You would, after a while, say, "This guy is for the birds, and probably should be for the graveyard". You would probably say there was something wrong with that person. Society as a whole has finally said that there *is* something wrong with that person. The Capitalist never produces anything.

Don't get Capitalism mixed up with the entrepreneur, the producer, the manager. Just separate these out. What is meant by Capitalist is one who makes money make money. That's all he does. That's his total philosophy.

Veblen, at the turn of this Century, wrote in a book "Theory of the Leisure Class" that you have got to have a leisure class to consume the goods of the worker. Since when did workers not like to ride around in gold-plated Cadillacs?

Somebody who simply shovels money back and forth and takes so much of it is a drag in the economic world. He must replace the money he takes out with something – service, good looks, winning ways, a pleasant smile – something. If he puts nothing on that line the economy is apt to cave in simply because there is somebody there who is consuming and isn't producing.

Capitalism is not a sound theory of economics and people revolt against it. The peasants of 14th Century France had never heard of the word "Communism" but that didn't restrain them from revolting against the first Capitalist who started to issue paper money. They revolted like mad.

As long as you are dealing with this commodity called money you get this phenomenon called Capitalism. It's not necessarily bad or good. A Capitalist is simply bad for his own economy, not necessarily a bad person.

Let's look at the other end of the scale that is created thereby. A fellow is made to produce, produce, produce, produce and he can't have any money. We therefore get a peasant or worker. When you get a fellow up at the top who is taking money off the line without contributing anything to it, somewhere or another there is someone who is going to work twice as hard and get nothing for it. That's what starts revolutions. Revolutions are 9/10^{ths} economic and only 1/10th political. They are tangling over the fellow who can't work.

The Indian tribe that goes to pieces does so because there are only 15 men of the tribe who are hunting. Ten other men of the tribe are just eating. After a while the 15 men can't shoot enough game for 25 men and all the women and children that went along with it, so the tribe starts to starve to death. What made them starve to death? The guys who were eating without hunting. We get an imbalance because of indigence. Whenever you get this situation

whereby someone is only pulling off the line, is only absorbing or receiving and never paying out, you get an imbalance in some other part of the system.

Put enough vias on the line and money becomes valuable, but only if it is scarce. How scarce should money be? What is the optimum scarcity? It has to be scarce enough so that people will consider it more valuable than the goods they are having, holding or making. It evidently has to be just a little bit harder to obtain than the goods themselves, otherwise they would consume their own goods to some degree. It must have just a little more value. Therefore a situation arises whereby somebody has to produce in return for which they receive money. This is all based on the fact that people produce different things and everybody wants a little bit of everything so money is used as the communication line to adjust this economy. Horribly enough, when money is used for anything else, the whole culture goes to pieces.

This is actually what money is. That's all it does. That's all it can pretend to do. It is simply a substitute. If you threw money into a little village it would seek the level of production at which it was scarce. The prices would eventually range themselves so that it was just slightly scarce, so that people wanted it more than anything else. Why do they want it? It's because it is convertible into other items which they themselves don't produce. Therefore you have a system of exchange.

If you have got to have a production exchange system (it's not necessarily necessary) then money is a very good answer and so has remained in vogue. When money is complicated any further than this shifts and imbalances of power result. We finally find the indigent have power. How can they do this? Well, they start mixing up with money and without producing they alter the flow of money and people sit around and permit this to happen.

There are two answers to it. Either, "We will not work and see if we don't get more". That's a strike; or "Let's just knock everybody off". Society varies between these two decisions: Get everybody down who isn't working, or Let's go on strike and refuse work until we get more money. What are they trying to do? What are they trying to do? They are trying to adjust by force something that is at the best a flimsy idea.

If production is necessary, then money is a good answer for the exchange of goods. Actually "promise to pay" is a sloppy definition of money. A "promise to pay" is really only valid if you say in what. A "promise to pay" is only valid from a person who can produce, not pay.

In the final analysis we have society in a commotion and turmoil over an abstract commodity which in itself doesn't have any more validity than how many vias are on it. It has a use but that doesn't necessarily give it validity.

There was a fellow one time by the name of Christophe. Terrific man. The French had been holding Haiti for a very, very long time and killing off the Haitians. After a while the Haitians got the idea that the French meant them very little good, if any, and decided to eject them from the island. There were several leaders who arose, but the greatest of them was Christophe. He must have been about six foot eight, six foot ten or something. A tremendous figure of a man. To hear them speak of him he was obviously that big. He might have been five foot two, but he certainly looked six foot eight or six foot ten to everybody. Christophe decided that he could set up a better nation than the French and after the revolt against the

French proceeded to do so and set up a rather successful one. He did this because the French didn't think he could. They thought that Haiti would collapse economically the moment they were swept out of it, but they were thinking only in terms of money. What did Christophe do? He made all gourd trees the property of the state of Haiti. He sent his soldiers out to chop every gourd they could find out of every gourd tree on the island and made every gourd tree sacred to the Treasury of Haiti. After this was done he declared gourds as the only currency to be accepted for goods and produce. That was back about 1810 or 1812, and to this day the money which is issued in Haiti is called Gourds, and it has pictures of gourds on it. Money is basically an idea. There are a finite number of gourds in Haiti, so he established that as the economy and it gradually sought its own level. He had an economy, and the French stood back absolutely flabbergasted. They said this man couldn't possibly succeed. Oh yes he could! He had all the money there was in the country!

Here is another example. People were absolutely sure that a fellow by the name of Schicegruber could never succeed back in '37. They laughed when they heard he was going to re-finance Germany. With what? He didn't have any gold or silver. He didn't have any credit and he didn't have any produce. How in the name of common sense could he possibly do so? Obviously Germany was broke, could not then rearm and could not ever become a menace to the rest of the civilized world. This was a pauperised notion of money talking! They knew nothing about money. They didn't even know enough to read the history of our own Western Hemisphere! They didn't even know the story of Christophe. They should have, because what did Hitler do? He just issued some stuff and said, "This is money". People who disagreed with him didn't live long. After a while that was the best money you ever heard of! Today the Mark is the most stable coin in Europe. It is accepted right along with the American Dollar. It is much better than the pound and much, much better than the Franc. What is this Mark? It's a Mark. What's a Mark? It's a Mark! Of course you can say it's backed up by the U.S. Economy, however that I seriously doubt. All Hitler did was put another via on the line. The money was good because it had gone through somebody else's hands before it was printed, and because it had another kind of picture on it than somebody else's money. Of course he had a hard fight because they had already learned in Germany that when you turn printing presses loose you eventually bought big loaves of bread, or little tiny loaves of bread with wheelbarrows of money. That's inflation.

If in wanting to know all about money we discover that there isn't very much to learn about it except money is money, then what is regulating the economy of any given country or person or president or businessman? Is it money? No, it isn't. It's produce. Ability to produce and existing production. That is all that can stabilize any economy, and that is dependent on manpower and natural resources. You must have men who are willing to work, and natural resources to be worked. If you don't, you'd better invent something to produce that doesn't need them.

We are, dealing with something real. Something that has solidity. We're dealing with mass. We're dealing with a commodity, whether it is a pair of stockings or the paste-board boxes in which to put them. It is a produced item, and the production must be wanted and consumable. A little clock by the way is consumable if it's sitting on the shelf. It's used. It's usable. Why is it sitting on the shelf? Not because it's merely pretty. It's just because some-

body wanted it. Desire for produce, then, creates the interchange. The produce itself establishes the possibility of an economy. The desire for it brings the economy into existence.

There are all sorts of fellows rushing around saying, "Workers of the world arouse. Workers – the Capitalists considers you'se as lice". I've heard fellows who spoke with a perfect Harvard accent off the speakers platform use English as bad as that. They go around and rabble-rouse. Why? They see themselves dealing with only people who produce, and if they can get control of these fellows they can then loaf in the stead of the Capitalists! You see what a neat scheme it is? The only difference between a Commissar and a Capitalist is spelling!

We have these chaps who get this clue about production and they then try to do it all by production. Production is nothing however without the desire to have the pretty little clock on the mantle-shelf. There must be desire to have production. It does no good to stand people up against the wall and say, "We're going to shoot you all down if you don't produce." If this is done to a whole nation it will eventually wind up with nobody able to want anything. The desires of corpses are measurable by worms alone.

With everybody producing and nobody consuming then of course you don't have a third dynamic (survival as a group). You have a series of firsts (survival as an individual). Great group social movements based on snare the worker usually wind up as a totally first dynamic action. Everybody out for himself is a better society than everybody out for nobody. At least you've got the possibility of fighting from the first one. Such a huge economic network requires a certain amount of consumption, but the consumption must be ranged somewhere along desire. We mustn't just take this automaticity that people must always eat. I don't know that people must always eat. I think it is a bad habit. I don't know that any of these desires are anything more than somebody's idea that he wants.

You could ruin an economy in two ways. You could ruin an economy by making the people cut their production down. "Don't produce that much, Joe." "We don't need all that. Skip making that this year. Nobody wants any more of that over here." Then we could go around and say, "All you people should be self-sacrificing and you shouldn't go around being greedy and wanting all these things." It really takes both of these actions, because if you don't have the second action, then the first action will never get corrected if it goes out of line. In other words, if people did sag on production, you must still have another crew, even if they are just the women of the family, to go around and say, "I don't care what it costs, I don't care how many miles you have to walk for it in the snow, when I say mink, I mean mink!"

There must be somebody there. Current economy has this interesting aspect. Everybody is being hammered and pounded all the time with "must have – can't have". Look at the TV ads. "Get into this beautiful new Cadillac. Drive down this smoothe road." At first you say, "Don't I wish I could." After a while, just because it's just glass with some light playing on it, you say, "All these rich should be shot". It's your next reaction. After a while you would unfortunately say, "What Cadillacs? I don't even read the ads anymore." Get the idea? You could over-stimulate the desire "to have" and then not gratify it to such a degree that everybody would become apathetic about possession. That would be the end of that economy.

The only thing you couldn't do would be to overproduce variety. Of course, you could overproduce. If everybody in the world all of a sudden started growing watermelons and

every plant would only manufacture synthetic watermelons I think the economy would be shot. However, if you had a variety of production, with people producing what they can produce, producing consumable goods, goods that did fill various needs, it's almost impossible to overproduce.

Why you should think somebody has to be rich to drive a Cadillac is of course traceable only to ads. Ads show rich driving Cadillacs. There is no reason why this economy couldn't build a Cadillac for everybody who wanted one. It's true that everybody in the society couldn't have a gold plated Cadillac. There isn't enough gold. Somebody would have to be producing gold for everybody to have a gold plated Cadillac. Economics are monitored by the desire to have and the ability to produce. If you don't have the raw materials you can't produce.

The only track along the line that looks relatively wide open is production. You can't overdo it and still maintain a variety of production, unless you enter into a number of factors. You could introduce this new factor to do with money – scarcity of, and tell everybody carefully, "Now listen. In order to get any produce, you have to give money for it." That's a new lesson. Everybody learns this well. They go around saying, "I want a new Cadillac. That means I have to have 10,000 Dollars." Someone forgets to write down something in the ledger or says, "Well, that page is full. We're not going to issue any more money." You look in your pocket and don't have 10,000 Dollars. You just have 10 cents, so you don't get a Cadillac, you get a hamburger!

Supposing you were producing like mad and there wasn't enough money for your production. Well, we find there isn't much you can do about people from a production angle and it wouldn't do anybody any good to monitor production anyway. The place to hit is money. Make money scarce. There are two ways to make money scarce. Both of them add up to no value for money. Either print it by the billions – let it blow all over the streets – show pictures of the president lighting cigars with 1,000 Dollar bills, or don't print any. Everybody will forget what it looks like.

The whole society might or might not stay on the subject of money if it weren't for the fact of taxes. There is an organization in the country composed of tax collectors and who collects taxes in money. It does you no good to take down eggs or to park that Cadillac out front and say, "There it is." They only settle for money! You could print some money and give it to them, but they wouldn't be satisfied. They've got to have a special kind of money. They've got to have their own money. But they didn't produce any! How can you pay them? How do you pay taxes in money that isn't being manufactured?

Money is an unsavoury subject. It's so rigged that when you've got no dough you don't eat. No dough – no chow. That's the motto of this society. Money is not production, however. Money is money, and if it is not produced it doesn't exist. To that degree it is simply another production.

ECONOMICS

Today, almost any person has a present time problem, growing more pressing as time goes on and as our society evolves.

It is a simple question: "**How can I live?**"

The answer to this question in a broad general way can be found by attaining an understanding of a subject called "Economics."

This is one of the primary barriers in this society. Suppressives have been weaving a web of economic entanglement for societies for some time using economic misinterpretations or ignorance to involve those societies which only recently-struck off their chains of actual slavery. Today, the chains are made of economic restrictions and, to be blunt, economic lies.

An understanding of economics is a bold step forward toward freedom in a society. Aberrations tend to blow when their lies are exposed.

ECONOMIC THEORIES

Economics are as simple as they are not obscured and as confused as they are made to serve a selfish purpose.

Any child can understand – and practice – the basic principles of economics. But grown men, huge with the stature of Government or chain banks, find it very useful to obscure the subject beyond all comprehension.

The things that are done in the name of "economic necessity" would shame Satan, for they are done by the selfish few to deny the many.

Economics easily evolve into the science of making people miserable.

Nine-tenths of life are economic. The remaining one-tenth is social-political.

Let us see how involved it can be made. If Mankind increases in number and if property and goods increase, then money must also increase unless we are to arrive at a point where none can buy.

Yet money is pegged to a metal of which there is just so much and no more – gold. So if Man's expansion is to be checked, it will be checked simply by running out of this metal. Aside from art uses and superstition, the metal – gold – has almost no practical value. Iron is far more useful but as it is one of the most common elements about, it would not serve the purpose of suppression of Man's growth.

Money is simply a symbol that people are confident can be converted into goods.

The most virulent philosophy of the 19th Century was not that of Dewey or Schopenhauer. It was that of a fellow named Karl Marx, a German.

In his book "Das Kapital," he set out to destroy the world of capitalism by introducing the philosophy of Communism, borrowed in some part evidently from the leader Lycurgus, of the ancient Greek State of Sparta.

Marx has succeeded to date (though himself dead and buried in England) in extending his philosophy over perhaps two-thirds of the world's population and upsetting the remainder most thoroughly.

Capitalism, under attack, surviving only in the West in a faint form, has borrowed so heavily from Marx in its modern "Socialism" that it cannot long survive.

Capitalism had little to recommend it to the worker. He had no hope of ever getting enough cash together to loan it at interest and so retire. By definition that was all Capitalism was – a system of living on interest by loaning money to more industrious people. As it implies "All take and no active participation" it, of course, is a rather easily destroyed system. It had no vitality. It could only foreclose mortgages and seize property. It could not and did not operate cleverly. The trick was and is, to loan an industrious person half of what he needed to make a go of his business and then when he failed, to take over the business *and* the invested money loaned as well.

Government and chain banks in the West are still at it today. They are assisted by Income Tax. The profits of a business are taxed each year so that it has no money to renew its machinery or expand. To keep going it has to borrow money from the chain bank or the State. One slip and it is taken over entirely by the chain bank or State, mismanaged and knocked about.

Thus the world gets poorer under capitalism.

Communism in revolt, throws out all middlemen, simply takes the final step of Capitalism and seizes everything in the country. It fights Capitalism by becoming the Super-Capitalist.

It is not an idle comment that George Washington in the American Revolution, the Marquis de Lafayette in the French Revolution and Fidel Castro in the last Cuban revolution were each the richest man in the country at the time.

Communism, far different from the hope of Marx, is the tool of the rich and powerful to seize everything in sight, and pay no wages. It is the final answer to Capitalism, not its opponent.

Socialisms in different costumes all tend to the same end product – total ownership by the state. And so are also the end product of Capitalism, total ownership.

So we can conclude about economics that:

1. There may be a subject called economics, and
2. There is certainly a large use of economic confusion in the effort to bring about total ownership.

What you are observing, apparently, in our modern world, is an obscuring of actual economics to the somewhat ignoble end of taking everything away from everyone but the State. The State can then be a chosen few who own all. Capitalism, Communism, and Socialism all wind up with Man in the same situation – owned body and soul by the State.

So if you are confused by "economic statements" by a few chosen mouthpieces of the intended few who will be the State, realize it is not the subject itself but the intentional misuse of the subject which is causing the trouble.

Since all roads – Capitalism, Socialism, Communism, lead to the same total ownership, none of them is in actual fact in conflict. Only those several groups who each want to own everything are in conflict – and none of them is worthy of support.

There is an answer to all this. If these isms all tend to a total State, then the obvious rebuttal is a no-State. This alone would be an opposition to the total State.

As this is instinctive in Man – to oppose his enslavement – people manifest their personal revolt in various ways.

They cannot simply overwhelm a well armed government. So their revolt takes the form of inaction and inefficiency.

Russia and Cuba, for two, are going on the rocks of individual inefficiency and inaction. They do not see it as a revolt as it hasn't any peaks. The grain and cane just don't come up, the trains somehow don't run and the bread doesn't get baked.

America and England driven still by some faint remaining spark of "free enterprise" muddle along. But the economic squeeze is too great for this long to continue. Income tax, bank and state loans, all the evils are there waiting.

Sensing the coming total ownership of all, the worker even in the U.S. and England begins to put on the brakes. A good day's work today was an hour's work a century ago. Strikes enthusiastically paralyze anything they can. Inefficiency and inaction are the order of the day.

Not clever, the Capitalist, the Commissar, the Great Socialist do not believe anyone has penetrated their actual intent and so continue to twist economies about in the hope of convincing the people – who strike, won't really work and get more inefficient.

The societies of Earth, whether East or West, are all approaching with rapidity the same end – dissolution by a personal people's revolt. The revolt has no name, no leader, no banner, no glory. It only has a common end in view – the end of all States and all economic systems. And surely the people will win.

THE SCIENCE OF ECONOMICS

Any group of children will soon work out a practical economic system.

Recently children in a park in Russia became the subject of government horror by developing a barter system, exchanging toys for toys, an act which was duly chastised as "Capitalistic." The Russian word values are shaky, for to be Capitalistic, they would have had to develop an interest system of recompense for the loan of the toys, not the barter system.

So long as there is a supply and as long as a demand can be generated, some form of goods exchange system will develop.

There are innumerable combinations of supply and demand actions. There is the reluctant supply and the demand by force – a system commonly followed by troops or feudal barons, or simply robbers.

There is the eager supply action aided by creating a demand by advertising, a system we know as business and at which Madison Avenue is to adept. Man finds this the most pleasant of the systems, but it has a limitation in that it demands in return money and causes people to demand pay in order to buy the advertised goods.

Then there is a system based on creating want. Governments almost uniformly believe in this system and use it. They repress supply by taxation of suppliers, and increase demand by punishment of the consumer for lack of funds – i.e. income tax. The theory, in its most crudely expressed form, is the reduction of production coupled to the enforcement of demand. Fathers can be arrested for not caring for children, and the price of bread, rent and services is beyond father's ability to pay. One is arrested as a vagrant if one does not dress well, but the price of clothing through scarcity puts it beyond his reach.

There are many, many variations of the same two factors, supply and demand, and these can be played on by huge industries or the State or robbers or beggars or anyone almost without number.

A great deal is made of "deflations" and "inflations" and tomes are written to interpret them but there are only two operative laws that govern them:

- (1) An **Inflation** exists where there is more money in circulation than there are goods.
- (2) A **Deflation** exists where there are more goods than there is money to buy them.

These two laws can be twisted about at will to confuse people. But that's all there is to know about either an Inflation or a Deflation, or booms or depressions either for that matter.

FUNDAMENTALS

The economic laws break down to only one fact, or fundamental usually never mentioned in the best suppressive circles.

This is the genus of economics, the beginning, how the whole subject comes about.

To bring about economics, a being must be led to believe he needs more than he can himself produce and must be restrained from consuming his own production.

After that, one has economics, a society and rules, laws, governments and huge industrial combines.

Let us take the simple matter of a poor cow. The cow produces milk, more cows, and even meat.

By being a producing animal, the cow is made to surrender the lot. She does not need her own milk, cannot use her calves and is also made to surrender her own body for meat. In return she gets a sloppy barnyard, a thistle pasture, barking dogs and abuse.

Sentient or not, intelligent or stupid, the cow yet sets us a fine example of the perfect citizen of the State.

The perfect citizen (from a suppressive governmental viewpoint) is one who demands nothing and produces everything and even surrenders her own body on demand; the ideal citizen; the perfect factory worker; the complete soldier; the praised comrade.

Life gets itself rigged this way. Those who can produce are then convinced they must produce and in production are given less and less until at last we have a slave – all work, no pay, minimum food and untenable quarters.

Economics are used to bring about this condition remorselessly.

INCOME TAX

If you have reservations about the end product of various state acts or the intentions behind them, consider this hitherto hidden fact.

Income tax is designed on the Marxist principle (to be found in "Das Kapital," the communist text) of taxation: "To each according to his need." "From each according to his ability to pay."

About the turn of the century, most western nations gladly swallowed this potion and wrote Income Tax laws.

It looks quite innocent.

In a letter written by the Treasury of a great nation a question as to why Income Tax was levied so unequally instead of on merely a set percentage of everyone's gross income, was answered with the astounding datum that taxation of one's net income and on a sliding scale was far more humanitarian.

Let us see how "humanitarian" this sliding scale income tax is.

Inflation is the order of the day. Few Western governments take any but inflationary actions – to wit, to devalue the buying power of money by spending more money than there is produce to absorb it.

Income tax is arranged so that the more one is paid, the more percentage he is taxed. For a crude example, if one makes 500 monetary units a year, his tax is 2%. If he makes 100,000 monetary units a year, the law is so written that his tax is about 90%. The more one makes, the more one has to pay in proportion.

Very well, let us use this as hours of work. In a low income bracket on a forty hour week, one pays the government a half hour's work a week. In a middle income bracket, one pays the government 20 out of 40 hours. And in a high income bracket, one pays perhaps 39 out of 40 hours as tax.

All right: Inflation willynilly is shoving the lowest worker toward the higher tax bracket.

The price of bread and rent and all will go up proportionate to value of money. So will his pay. But his tax will increase.

Therefore, governments are very anxious to inflate their money. The more it inflates, the more workers have to be paid but the more percentage the government gets of the work hours.

The end product is of course a total state. Industry cannot pay a worker 40,000 monetary units if tax laws take all but 5,000 monetary units.

If you will look at taxation schedules you will see that if a loaf of bread costs ten times its current price and you had other costs rising proportionately your pay would shrink to where you could not afford to eat because the higher tax percentage would engulf your pay, no matter what it was.

Now no-one has been mentioning this. And governments defend their right to a rising percentage as income rises with a tenacity that is quite surprising.

As inflation wipes out savings also, right up ahead is the big chasm, waiting.

Every time your pay rises to take care of the "rising cost of living" you then expend more work hours for the government and less for your employer and finally he goes broke too.

Anyone trying to say that inflation is inevitable and income tax vital is simply suppressive or stupid. Surely the big wheels of government economics know as well as any other trained economist that all one needs to do to check inflation is increase production and decrease government spending.

One Western nation has a lovely one going. Export the goods! is the cry. The more goods exported, the less there is to buy. By Currency Exchange laws, one cannot also export the money. A prohibitive duty is put on all imports. Naturally, inflation! With a vengeance. And this is coupled with an Income Tax which is easily the highest in the world.

Citizens of that nation are traditionally determined to never, never, never be slaves. But here come the chains; one link for every penny rise in the cost of bread. When a worker has to spend £100 a week to keep himself and family, the government will take £50 of that, leaving him on half rations. And when he would have to spend £250 a week to provide food, clothing and shelter, he will get only about 25% of that, even if he is paid that, due to Income Tax sliding scale, and he will starve to death.

To be charitable, it is possible that the leaders of these countries do not know these things and are being badly advised or are confused. But if so, what vicious blokes must be doing the advising!

A very proper course for the country would be to abandon the empire no citizen of that country cares about anymore, cutting off all its support and defense funds for lands that hate the British anyway. Then, or at the same time, engage upon a furious research programme to discover how to produce food enough for its people, let down all its trade barriers, cancel the projects that make income tax vital and prosper beyond all imaginings.

One can't tax nothing; and if taxes depress the producer to zero then so goes the land.

The bright-eyed visionary (with some insanity showing through the brightness) raves about Utopia and the beautiful dreams and beautiful schemes of various political solutions.

These are supposed to open the bright new future if only we grit our teeth and starve today.

There is *no* political philosophy that ever can or ever will solve economic problems, for they are two different fields, aren't they?

When Marx married them, he gave a terrible tool to suppressive men.

Many Marxist complaints are just, many are quite factual, but he erred in trying to solve them.

For whenever he proposed a solution and whatever solution he proposed, he offered as part of it a government.

Governments are not always run by sane men.

The man in the street has no guarantee his ruler is not really "bonkers."

If we as Scientologists have anything to do with government it would only be to guarantee that the rulers were not suppressive and insane. And there our interest ceases.

The Question

The relationship of any man to Economics is a simple one: "HOW CAN I LIVE?"

To that adheres the question, how can his dependents and his community live?

Whenever a person asks this question or any version thereof in this, the complex society of today, he is asking "What is Economics?"

In this article, short as it is, all the vital factors of economics are listed.

What needs to be guaranteed is that one's economic destiny is not managed by men who hate and who will not be comfortable until all other men are slaves.

The long term solution to the question "How can I live?" is never work for a suppressive firm and do not support a suppressive government. And work to put us in a position to guarantee that leaders are sane.