

FIRST PRINCIPLES IN MORALITY AND ECONOMICS

on which depend personal well-being and social health and harmony

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The Relationship Between Freedom, Utilitarianism And The Mosaic Law

It may appear that there is no relation between freedom and the commandment, *Thou shalt not kill*, but if there is any application of the ideas of the Hebrew-Christian religions to the subject of freedom, it will have to be via the commandment, *Thou shalt not kill*. There is no other contact point.

In the first place, by common consent and common sense the commandment, *Thou shalt not kill*, has ever been understood to exclude all violence. The commandment could read then, *Thou shalt not commit violence*. But "violence" can be accomplished without blood and blows, that is, by non-violent *coercion*, which although non-violent nevertheless does "violence" to the other person. This coercion, by reasonable extension, is also forbidden. Finally, coercion may be legalized by the acts of a legislature or a

judge; but the mere fact that it is *public* coercion does not exonerate such acts from the prohibition of employing compulsion against another.

If then the Sixth Commandment forbids *all* coercion (except to employ coercion to protect oneself from coercion), what is this negative prohibition restraining each of us, except to allow *freedom* to others to pursue their inclinations (whatever they may be, except when they violate the reciprocal freedom and rights of others). If I may coerce no one, and if no one may coerce me, what is this other than legislating, *All men shall be left free?*

When the ancient law of Moses with stark simplicity legislates against murder, violence and coercion it not only has the merit of prohibiting those evils, but it has the magnificent positive virtue of legislating freedom.

How does it do that? The essence of the method consists in this: what *A* proposes to do which will affect *B* is not left to *A* to decide unilaterally, but must receive *B*'s uncoerced concurrence, or else it is forbidden. Under Moses's law no man is the *sole* judge of what he proposes to do that will affect another. If *A* wishes to sell, he may not coerce *B* to buy. If *B* wishes to buy, he may not coerce *A* to sell. Obviously, *A* may not get so high a price as he wants, and *B* may not buy so cheaply as he wishes, but whether they make a deal depends on whether each party prefers to make a deal rather than to forego it. The price may be 10% less than *A* prefers, and 10% higher than *B* prefers, but *if they make a deal without coercing each other*, each obviously prefers making the deal to not making it.

There is only one good reason why they will make a deal, and that is that it is preferable to not making it. They choose between the choices available to them. All depends on whether to make a deal gives them more utility than not to make a deal. Utilitarianism teaches that that which yields the greatest utility should be done. Consequently, utilitarianism is based on freedom, and freedom in turn is based on the Mosaic Law.

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The author of the Mosaic law had three options when formulating the law: (1) he could have legislated (a) for freedom, with (b) silence about coercion; (2) he could have legislated explicitly both (a) for freedom and (b) against coercion; or (3) he could have legislated (a) against coercion, with silence about freedom. Number one would have been obscure; number 2 would have been long-winded; number three was adequate and simple. With grim compression of words the author of the decalogue chose the latter, legislating, *Thou shalt not kill* (commit violence or coerce). But obviously that is legislating for freedom as inescapably as if it had been stretched out in long phrases and complex sentences.

Rightly understood, the commandment, *Thou shalt not kill*, is the cornerstone of the structure of society and the foundation of freedom. If anyone can formulate the principle of freedom more simply and comprehensively than, *Thou shalt not coerce*, he should speak up.

Morality And Economics Teach The Same Things; But They Present Them Differently

It is not proper to concede that economics and morality may give conflicting answers to problems of human action. When the answers of economics and morality conflict, it is because the economics are wrong or the principles of morality are wrong, or maybe both. In this publication we call attention to the fundamental harmony of the long-accepted principles of morality of the Western world (when not extended sanctimoniously beyond their obvious meaning), and those findings of economics which are not to be challenged on rational grounds.

It is, of course, impossible to harmonize sanctimony and economics. And it is equally impossible to harmonize morality and pseudo-economics.

The principles of morality are simple: (1) the need and legitimacy of self-preservation and self-expression; (2) freedom; but (3) no freedom to do obvious wrong—no coercion, fraud, nor theft.

The principles of economics are equally simple; they trace the course of events from causes to effects. If a proposed action (cause) will not be conducive to the effect wanted, it must be nonsensical or contrary to purpose. Actions which genuinely con-

tribute to the attainment of the desired effects are actions (1) stimulated by the motivation of self-preservation or self-expression, (2) available through freedom, but (3) which avoid coercion, fraud and theft.

Morality teaches authoritatively what economics explains analytically.

With what does morality concern itself except human action? And what should economics analyze except human action? How, then, could they properly give conflicting answers unless either morality or economics is inconsistent with reality.

In current issues we are analyzing some bad economics and bad morality, associated with *money*, to wit, the issuance of *fiat* money, or *fiduciary media*, or *paper money without metal cover*—whatever term you wish to use. This immorality and/or bad economics causes periodic depressions and unemployment under certain situations, and uncontrollable inflationism under other situations.

The Quantity Theory Of Money

In economics there is a theory about money which carries the name, the *quantity theory of money*. Without an understanding of what this theory is, it is not possible to understand money problems in general.

The theory is as follows: an increase in the quantity of money has as its consequence an increase in prices; and vice versa, a decrease in the quantity of money has as its consequence a decrease in prices. There are qualifications and refinements to the law, but this is its essence.

A simple illustration will suffice: imagine an isolated island inhabited by one thousand people. A hundred years ago the people discovered a chest of Spanish coins apparently buried by buccaneers four or five hundred years ago. These coins constitute the only money used on the island. The chest of the buccaneers from which the coins were taken was a big one and there is ample money for the business transactions of the islanders. They buy and sell among themselves using the old coins. Everything remains placid on the economic front. Although *individual* prices rise and fall depending on the amount of merchandise wanted of a particular kind, or the amount offered for sale, *general* prices do not rise or

fall from year to year in a significant manner. There is no inflation nor deflation.

But when digging in the sand on the beach one day, two young men on the island discover two additional chests each containing the same quantity of coins as the chest yielded that was found one hundred years ago. They hurriedly cover their find with sand, and during the following night bring all the coins into a shed on their father's farm, a shed which nobody ever visits.

These young men then begin to spend money. They both wish to set themselves up as farmers and marry. They now have enough money, and to spare! They both begin to buy farms. To get exactly what they want they pay relatively high prices. Having a big appetite for owning land they buy more and more farms. But the sellers of the farms and other potential sellers sense that there is something "going on" and they raise their prices. Prices of farms rise more and more rapidly. Each seller, in turn, wants to buy a farm he has long wanted, and so they all go out to buy the desired farms. As prices rise they sell, buy and resell, and there is a big boom in land values. In short, *the first people to "benefit" most at the expense of others, when the supply of money is increased, is the first buyer, then the next, and so on.* In the meanwhile the teachers or preachers have not been benefited at all. Inflation *never* helps everybody. It hurts the people who are the last to get the money in hand, which occurs after everybody else has used it prior to their use, and bought at prices which did not reflect fully the additional quantity of money. The last buyers were actually hurt because they were able to use the additional purchasing power only after the others had used it to buy merchandise priced nearer the old price. But when the last buy with the new money, it having finally come into their hands, prices are close to the new higher level at which they will settle considering the total supply of money now available.

But the young men who found the two chests go on spending and spending. As they pour new coins into the money stream, these coins stay in the stream. Finally, there is three times as much money in use on the island as before. The question is: where will prices be at that time?

Nobody knows. The easiest answer would be that prices will be three times as high for everything as they were before, simply

because people have three times as much money and can be persuaded to pay three times as much for merchandise as before (unless the quantity of merchandise has increased, too; let us assume that the quantity has not increased). But this answer obtained by multiplication is too simple. Certainly, not *all* prices will be three times the old price. Some prices may have quadrupled; others may have doubled. A few may have very small change. Some may even have decreased.

But although the quantity theory of money does not mean that prices will rise exactly as much as money increased, *in a broad general way* it may be asserted as an obvious truth that increasing the quantity of money results in an increase in prices; and vice versa, decreasing the quantity of money results in a decrease in prices. The *general* rule has a number of qualifications, but for a good perspective of the major reality, the quantity theory of money is simply, that as the quantity increases prices increase. The rule as just stated assumes that other factors affecting prices are constant. They *never* are. And so applying the quantity theory of money consists in something more than just knowing how to multiply.

Certainly, in our imaginary island, prices will have risen very greatly within say ten years of the discovery of the two additional chests of Spanish coins. Maybe if a good index number were computed (which is in fact an impossibility), prices might generally be approximately three times what they were before.

What attention do smart people pay to the *quantity theory of money*? They always keep it in mind, as one of their basic considerations in all their plans. They must, if they are sensible, ponder and decide whether they think the money supply will increase, will remain steady, or will decrease. On the basis of their conclusion, they will make all their long term plans, and their current decisions will in turn be affected by the long term thinking.

For example, a man who believes that the people of the United States will continue to increase the supply of money will be reluctant to buy bonds or own mortgages. Why? Because, after ten years when he gets his money back, it will buy much less than it buys now. He will have been robbed by the quantity of money having been increased.

Instead of buying mortgages and bonds which are mere "calls on dollars," he will buy houses and farms and stocks which will have a tendency to rise, because of the increase in the quantity of money. In that case, at the end of ten years he may be able to get much more for farms, houses and stocks than now.

Further, men who think the supply of money will be increased will prefer being debtors rather than creditors, because as debtors they will pay back "small dollars" in the future, whereas as creditors they will be receiving back "smaller dollars" than they loaned.

In short, every mature person should be informed of the following:

1. The principle involved in the quantity theory of money;
2. The prospects on whether the quantity of money will be increased or decreased, and how much;
3. The various qualifications to the quantity theory, which must be taken into account, if a person is to be a careful thinker and anticipate the real course of events, and make money by it.

If you have never given the quantity theory of money careful and organized thought, do so now, and reach some practical conclusions, based on what you think the trend will be in regard to the quantity of money.

The Origin Of "Natural Money"

Money comes into existence in either of two distinct ways, either by planned *natural* action in response to a need, or by planned *arbitrary* action of some counterfeiter or power (state). The terminology here used is nontechnical, but descriptive of what happens in the *development and emergence* of money if it is a "natural" phenomenon, and the *creation* of money if it is an arbitrary action.

Money comes into existence *naturally* by some process as follows:

- (1) People wish to exchange goods; the original primitive method is by barter, that is, they trade goods and services. This is cumbersome, because if a man wishes to acquire a horse, he often cannot find someone who owns a horse which is for sale, for the specific miscellaneous products which he as the would-be buyer has available to pay, the miscellaneous products being the only equivalent the buyer can offer because there is no "money."

(2) The man who wishes to buy the horse may have some oats available for exchange, but the seller may not want oats because by selling his horse he no longer needs oats to feed to the horse. The buyer may then try to trade his oats to another who has some wool for trade. But he will do this only provided that there is a more active demand for wool than for oats; the would-be buyer will trade his oats for wool only if it is *more-exchangeable* than oats; after he possesses the wool, it will be easier for him to make a trade than when he had the oats; in a way, wool here functions as a kind of money, that is, it is more-exchangeable than oats; the *more-exchangeable that a commodity is, the better it serves as money*; money is basically that commodity in the community which is *most-exchangeable*.

(3) Although wool may be more exchangeable than oats, let us assume that in this community two other commodities have gradually become more-exchangeable than any other, namely, silver and gold; and so our horse-buyer finally exchanges his wool for some silver; this silver, however, could easily have been alloyed with a base metal and so the silver needs to be melted and assayed so that the horse-buyer gets as much real silver for his wool as he thinks he should get, and as the seller of the silver declares he is getting.

(4) But this weighing and assaying can be simplified if someone will undertake to be reliable in putting out silver of a definite fineness and a specific weight, to be known as coins with a special name, such as dollars, or shillings, or francs. Then these coins, if trustworthy, will develop such exchangeability, that is, such currency, that they will be the money that everybody uses, and it will be called currency. What has happened is that the most exchangeable commodity, in the most usable form, has emerged as the *money* of the community.

(5) Finally, there will be certain problems which develop from having two metals, silver and gold, for money, and it will be found necessary for various reasons, which will not be discussed now, to select either silver or gold; in practice gold has finally become accepted as the money metal of the community.

And so by a logical process the most suitable commodity has become the *natural* money of a community.

In the logical and natural course of events, as just explained, there has been an easily understandable interplay of various conditions and motivations. These are: (1) men's needs differ from those of others or from their own past needs; one man has today too much of one thing and not enough of another; this will be especially true depending on whether there is already considerable division of labor in a community, but it is *always* true in some degree, because men themselves change, as Solomon indicated when he wrote, that "there is a time to be born and a time to die, a time to laugh and a time to weep"; (2) consequently, human beings can greatly improve their lot by exchanging goods and services; (3) such exchange however is often frustrated if the exchange can only take place by barter as, for example, that a horse buyer has only oats as a means of paying for a horse, and that a horse seller wants a house rather than oats; then buyer and seller barter first, if necessary, so that each acquires a product more exchangeable than what he originally owned; (4) the commodity which finally emerges in such a community as the most-exchangeable has become the "money" of that community; (5) certain metals have for various reasons emerged in nearly all communities as the "money" of those communities; (6) the reason why those metals have become money is because (a) the metal had a prior practical value in the community for industry or ornamentation and therefore was in demand; (b) it was divisible into units by weight; (c) it could be assayed for purity; (d) it was not too bulky; (e) it was not highly perishable by wear nor destroyed by the elements (so that what was metal turned to rust); and (f) it could not be manufactured in endless quantity, but, importantly, was relatively fixed in supply; in short, the will of men could not, at low cost, create a lot more of that money; and further, although the demand for money would always be insatiable — everybody would want more of it — nevertheless the supply *never* would permit the demand to be satiated.

If money is to be valuable, it *must* be scarce. To want an unlimited supply of money and expect it to have a value is to be as silly as a baby crying for the moon.

As explained, *natural* money just came naturally, and grew to be *money* just as "Topsy grew."

Endeavor to imagine how you yourself would develop *money*, if you lived in a primitive community trying to emerge from the handicap of a barter economy. Would you not follow the rule to barter where you could; but when you could not barter directly for what you wanted, would you not barter for what would be more-exchangeable; and then for what would be even more exchangeable, until you finally could get what you wanted. *At no time would you be bartering for something valueless, nor on which someone had set an arbitrary value which might disappear as a puff of smoke, but you would always have something of value, with the additional advantage of being more-exchangeable.* Is it not probable that you and all others would finally use the *most-exchangeable* and convenient commodity as money? And is it not probable that everybody would try to have on hand some of that *most-exchangeable commodity* for emergency purposes, and as a reserve. Is it not, in fact, perfectly natural for there to be a *demand for money* of that kind and for that purpose? Such demand for money is not mammonism, but elementary prudence and good judgment.

The important point is that *natural* money is a *commodity* type of money, a money which has value as a commodity as well as it has additional value *as money*.

The Origin Of "Fiat" Money

In contrast to natural or commodity money, there is another type of money, which might be called "unnatural" or "noncommodity" money, that is, money the value of which does not have a relationship to the commodity of which this "unnatural" money is made.

Take, for example, paper money, which is made of paper. A small piece of paper, 2-5/8 inches by 6 inches, may have printed on it \$100. There is no real relationship between the value of that small piece of paper as paper and an amount of \$100. The \$100 for which the paper passes is "arbitrary." When that small bill passes from hand to hand for \$100, it is because of some reason or convention that it is accepted as such. Certainly that piece of paper is not worth \$100 *as a commodity*; it is not worth even one cent. Why then does it pass for \$100?

The answer is that originally that piece of paper was exchangeable on demand for \$100 in actual gold. The paper \$100 was a

convenient substitute for a man lugging around \$100 in gold coin in his pocket; that \$100 would consist of five fairly heavy \$20 gold pieces. The *paper* bill for \$100 was preferred because it was convenient, and because *originally* it could be converted *on demand* into gold coins. That is no longer true in the United States, because it is a criminal offense for citizens of the United States to own gold coins of the United States. The United States, therefore, is no longer genuinely on a commodity money basis. It no longer has "natural" money, but "arbitrary" money.

If the government of the United States wished to do so, it could pass a decree that its paper money would no longer be "honored" by the government. To put that into effect it might pass a law that it would accept as payment for taxes only gold, that is, a commodity money. There would then be a rush to get rid of paper money and to acquire gold. In the process, the \$100 paper bill would eventually be worth what it is worth as a piece of paper, that is, it would be worthless. In the previous issue (page 169) it was reported how on May 21, 1720 a decree was issued in France "by which the value of Law's bank notes was to be reduced gradually to one-half their face value." That signalled the end of Law's paper money boom; his bank was "broke" in one week; everybody wanted to get rid of money that would shrink in value. Similarly, if the United States decides it will not honor its paper money, paper bills will become valueless. The actions of both citizens and foreigners will contribute to that collapse.

Were foreigners to discover that they could not get \$100 *in gold* for a United States \$100 bill, they would refuse to accept another paper bill at full face value. Foreigners would sell us their merchandise only for gold, or by barter for some other commodity wanted by them.

To the collapse in the foreign demand for paper dollars would be added the collapse of domestic demand. The United States government spends about \$70 billion a year, and taxes cover most of that, which means that to pay taxes alone billions of dollars worth of gold would be needed. The demand for gold would be tremendous, and everybody would try to get rid of his paper bills in order to pay his taxes in gold as required. The value of those bills would drop faster than Law's bills when they were to be reduced in value merely one-half, and only *gradually* at that.

How then is it possible for the United States to maintain the value of its paper money?

In the first place, it has prevented a collapse of the value of its paper money by making it convertible into gold on demand in *all foreign transactions*. That maintains the value of United States money in all *international* transactions. But it should be noted that the value of the dollar in international transactions does not depend on the greatness of the United States; it depends, rather, on the value of gold. All the armies, navies, merchants, missionaries, and citizens of the United States are helpless to maintain the value of the dollar in international trade where the United States government declares it to be, *unless the United States is willing and prepared to pay out gold for its paper money*. It is the exchangeability of its paper money for gold which maintains *abroad* the value of the paper bills of the United States.

The value of *paper* money does not go beyond national boundaries. The value of United States money would collapse at the borders of the United States, except that the United States government treats foreigners better than it treats its citizens; the foreigners can get gold for paper; citizens cannot. Because the value of the dollar does not collapse abroad, the citizens of the country have remained unalarmed.

But their confidence is based on genuine quick-sand and the dollar is certainly doomed, if all the previous history of men, in every age, in every society, teaches anything. Never, in all the history of mankind, is there any record of a *money* which was not tied to a commodity value retaining its value. *Money always deteriorates in value when it depends on the mere integrity and firmness of men.*

It is not that men do not endeavor to have the integrity and firmness required in order to keep a money on a stable and reliable basis. That is maybe nearly always their honest resolve. But their resolution is *eventually* always overwhelmed. If temporarily a wise and steadfast man manages the paper currency of a country, he may hold out for a time against the sure and rising clamor for "more money." But sooner or later the question becomes a political issue of the foremost importance. Governments rise or fall on whether they favor sound or unsound money. And the unsound

money advocates sooner or later *always* get their chance. In the April issue of *FIRST PRINCIPLES* on page 124ff., we cited the smart little Canadian lady who said the family had changed its historical party allegiance just because the other party provided more "credit" — which in this case had in principle the same effect as printing more paper money. Neither the Republican Party nor the Democratic Party can win the next election in the United States unless it favors monetary policies which will *eventually destroy* — not merely reduce — the value of the dollar (unless the dollar is again hitched to gold). It is not a question *whether* that will happen, but only a question of *when*. Of course, nobody knows when that time will come, but it is undoubtedly "later than we think."

In a sense, dead gold is far more reliable as a basis for money than the judgment and character of living men. The latter are corruptible and weak. It is not the inertness or deadness of gold that makes it so valuable as a basis for money; the reason lies rather in the fact that the quantity of gold cannot easily be varied. Gold is good as a commodity money, primarily because the quantity is relatively invariable by the wills of men. But paper money can be varied easily enough. All that is necessary is to add zeros to the figures on paper bills, and the quantity of money is varied 10 or a 100 or a 1,000 fold!

When in 1934 the United States went off the gold standard it took the most momentous decision in its history to date. It shifted from the only base for money that has ever proved reliable (a commodity base) to the alternative base which has always proved eventually to be unreliable (printed paper). It shifted, in principle, from commodity money to fiat money.

Why has fiat money never yet been a success and why will it not be a success in the United States? There are several reasons: (1) because people confuse their personal shortage of money as being a shortage of *money*, whereas it is in fact a shortage of real goods and of their own production; they see the token for goods and for production — money — and think that when they grasp for the token they will be getting the real things they want; but, as the quantity theory of money teaches, increasing the quantity of money increases prices but it does not increase the quantity of real goods; (alleged exceptions to this statement will be considered

later). Increasing the quantity of money, even if the increase were permanently controllable, would not increase the well-being of a society; (2) but the other reason is that rulers, or those delegated to manage money, are never strong enough themselves to resist the pressure to increase the quantity of money without limit which comes from the masses. A demagogue will always come along who will promise prosperity by increasing the quantity of money, in one form or another.

Of the several forms that an increase in the quantity of money can take, the *disguised* forms are the most dangerous. The disguised forms have been corrupting the monetary system of the United States even long before it went off the gold standard in 1934.

Intellectual Confusion About The Dollar Being "Safe"

In 1934 when the United States went off the gold standard everybody, (1) who knew the important facts about monetary history during the whole recorded history of man, or (2) if he did not know that but who knew how to reason from the indisputable premise of human frailty (and depravity), should have known that the dollar was doomed as a reliable monetary unit.

Today, twenty-five years later, in time of peace and high prosperity, the value of the dollar is shrinking daily. The government is not able to balance its budget. The quantity of fiat money is increasing steadily. The dollar is on the superhighway toward steadily decreasing purchasing power.

Individuals no longer wish to buy bonds or mortgages. In this little town where thirty years ago there was an active market for mortgages among individuals, that market has practically disappeared. There are a few old men left who live in the past and who buy mortgages as investments, but they have become the exception. There are, of course, always some relatives who will take a mortgage, as a father taking a mortgage on the house of a son or daughter; but such transactions are not purely business. The same lender will probably refuse to take a mortgage on anybody else's property.

But intellectual confusion and uncertainty continues. What people would not or could not foresee in 1934 regarding what 25

years would do to the American *paper* dollar, has not taught them much, now that it has already come to pass. Very few people, business men and bankers too, really believe that the present trend will continue *permanently*, and that consequently the dollar will eventually be worthless. They all vaguely hope that the decline will be arrested somehow, sometime, by somebody.

But this vague hope is unrealistic. These people failed to reason lucidly in 1934, and they do not reason lucidly today.

The only people who give evidence of reasoning correctly are *those who wish to undo what was done in 1934; and further, who wish to undo the bad features of the system prior to 1934.* Such people are practically nonexistent. Such being the case — nearly everybody being in a frame of mind to continue the present fiat money situation in the United States — anyone who thinks the dollar will be safe — or at least is not “too unsafe” — must be classed as an intellectual bumpkin.

If one of the big parties proposed that this country would go back to the old gold standard (which was only *partially* on a commodity money basis) it would undoubtedly lose votes for that very reason. Presently there is not the ghost of a chance that the United States will put its money on a *sounder basis* than it has been since 1934, let alone the hope that it will put its money on a *genuinely sound base*, eliminating the bad features of the old system prior to 1934.

Whoever really understands the situation will engage in a “flight from the dollar,” to be accomplished by owning goods, not dollars; and by being a substantial debtor (but not so large a debtor as to be easily embarrassed by temporary declines). This policy, *as long as the United States monetary structure is built on sand*, is good for widows, orphans, pensioners, employes, employers — in short, is good for everybody.

Unsound Money Breeds Socialism

People who are excellently informed about problems of government, international dangers, economics and business, when they see others uninformed or misinformed, often regret that they themselves have only one vote to cast when influencing the policy of their country, and they toy with the idea of restricting the right to vote and to influence the policy of their country to wise people

only, the "wise" of course being those who agree with them. This is day-dreaming. The right to vote is not likely to be taken away from anyone who possesses it today. If the voter is uninformed, or a fool, or a scoundrel, there is only one practical program to follow — to inform and improve him by education and persuasion. Otherwise, we shall all be dragged down in a common destruction.

Improvement in the financial and monetary program of the United States must come, in the first place, through educational efforts addressed to all voters in terms which they can understand. All voters should know the consequences of voting for certain policies or for voting for certain people who favor certain policies.

It is also romantic to hope that voters will vote for policies theoretically sound, but which they think will hurt them personally. To make a voter interested in favoring what is *right*, it is also necessary to show him that if he does not vote right, then he himself will suffer some injury. Men, despite sanctimonious babbling about looking out for other people more than themselves, will follow "truth and righteousness" only when "truth and righteousness" will do them some good. Fortunately, the rewards of "truth and righteousness" are definite and observable, because the rewards of morality are obvious for all to see. The Hebrew Scripture reiterates on almost every page that wisdom consists in observing the Law of God, and that it does not consist in cleverness or taking advantage of the neighbor in any way. Wisdom then becomes relatively simple moral rules. All public and private policy can and should be based on those rules.

Money problems are complex, and many people are confused. They do not understand the problem well enough to apply the simple rules of morality to monetary questions. They want fiat money without knowing that that means bald theft. Further, they do not clearly see how they themselves will be hurt: they, in fact, think they are helping themselves by favoring fiat money.

But in a vague and confused way they do realize that there is something wrong. They think they want more credit — which means more money — and that that helps them themselves. But they also realize that prices continue to rise steadily and that there is something frustrating for themselves about such credit expansion. And then they are also aware of the business cycle, some-

thing they do not understand, but which *periodically* hurts them and *perpetually* terrifies them.

Let us think in terms of modest but steady creation of fiat money. That is the present policy of the United States government—steady but controlled credit expansion. What are the consequences of that for the “common man.” By “common man” we mean a large majority of the businessmen; nearly all doctors, lawyers, preachers, teachers, engineers; the overwhelming majority of farmers, employes, wives, pensioners, adolescents; and all children. What do they know about money and banking? What do they understand about the effects of constantly expanding the amount of fiat money? Naturally, practically nothing. Nevertheless they are practically all being hurt by present policies, for which whoever is entitled to vote may be held responsible.

Most people do not have a lot of money, or at least not at the beginning of their career as responsible adults. The first savings come hard, and are almost sweat and blood. Not too many people have the grim firmness to self-deny themselves present goods when they are poor, in order to make savings for the future. But that is the original foundation on which practically all wealth is based. Suppose a man has that fortitude. He saves, let us say, \$20 a month, or \$240 a year. What can he do with it? For one, he can put it under his mattress or under a corner of the carpet, that is, hoard it. Or he can put it in a savings account, or a building and loan association; if he does this, he will get 2 to 4% interest. But in the meanwhile those dollars (because of public inflation of the money supply which makes prices rise) are shrinking in purchasing power at the same rate—say 3% a year. If he hoards the money, his capital is shrinking 3% a year; if he puts his small sums to work via the banking and loan route he “treads water” presently; the interest about equals the simultaneous shrinkage in purchasing power. There is under such circumstances really no reward for saving.

Further, this steady and controlled inflation may get out of hand. Instead of being steady and controlled it may become wild and uncontrolled. Eventually, every inflation scheme has become that. That wild and uncontrolled phase may be called the “run-away boom.” Then, what are the typical man’s savings worth?

Practically nothing, because the end of a run-away boom is a crisis and complete collapse. The savings of the common man are practically wiped out by the process.

What are the alternatives for the common man? If he saves long enough, he will have enough to make a down-payment on a house, or maybe to buy a farm, or some stocks. The house purchase may be something which will not prove foolish, but what do people — the average folk — know about investments in farms, commercial real estate, or in stocks. These latter are the “best” but by no means perfect investments in an inflationary market. Only the experts, in these fields, can hope to come out well, simply because they know more or less what they are doing, whereas the average man would be buying and selling in substantial ignorance. It is the initiated who are likely to do well. If they are rich, they are likely to become richer.

But the future of the struggling poor is different. *Under inflation*, there is a strong tendency for the poor to become poorer, *because they do not have a really suitable avenue for investing their savings*. What the poor need is a dollar which is not inflating, but if anything deflating. (This will be explained later.) Under an “honest” capitalist system the dollar would be steadily deflating, which would basically help the poor man as a saver. Under this situation, a young man could put his savings into a savings account or into a mortgage — where there would be safety in the purchasing power of the money saved — and those investments would intrinsically be good. The future purchasing power of the principal that he put in would be greater than the purchasing power at the time he put in the money. His capital would be safe, the interest return would be genuine, and when he took it all out, he could buy more with it than when he put it in or when it first accumulated. What poor people need is not inflation but deflation! What young people need is the same.

It would be like this: Each year he would put in \$240; at the end of 40 years that would amount (at compound interest) to more than \$30,000 possessing *unimpaired purchasing power*. In fact, the purchasing power would be higher than when he put in the money. He would feel “safe.” He would have an inducement to save. He would not think he was being cheated. He

would, in fact, be getting what he needs, a stable unit in which to save, and his savings would go into the safer (less risky) investments, namely, bonds and mortgages, the natural vehicle for those unskilled in business and investments, because of lack of training or youth.

It is, however, a fallacy on the part of many who consider themselves clever in their investments to think that, because they know something about risky investments (stocks, real estate, etc.) they will gain at the expense of the ignorant and small investor. In genuine inflation, those who have been clever enough to fatten themselves on other peoples' losses, will find that *eventually* stocks are not a hedge against inflation — and the clever people will go broke, too. If not, popular clamor against the really skillful investors who did finally come out all right will be so great that they will be expropriated. At any rate that has always happened in the past.

The clever investors who survived the disastrous German inflation after World War I had means available to survive which do not exist today, namely, they could transfer their assets to a stable economy elsewhere, especially to the United States. After the German boom was over, and the crash had prostrated everything, they brought their money (which had been kept safe in gold or its equivalent abroad) back home, and brought up large assets cheaply. No large part of the private wealth in the United States can be managed that way. Nowhere else abroad is there a large, genuinely stable place for investments. All the great nations are "off gold." Consequently, the principal means of survival — to export assets to a safe economy and later bring it back — is not available to citizens of the United States. We are all *eventually* (with very few exceptions) going to pay the piper.

But even the few who really succeed, and cheat the ambush into which the country is running, will not fare well. Those people who out-smarted the German inflation experienced a grave penalty in the form of impaired public relations. They were thereafter hated, and persecuted by the victims. Mankind is not "built" to be happy about the enrichment of others at the expense of the rest. Men make a distinction between wealth obtained by performing genuine services, and wealth obtained *at the expense of others*; the former they tolerate; the latter they expropriate.

What inevitably happens when there is skullduggery about money even if the people "did it" themselves? The poor, who have the right to vote as well as the rich, vote for a system different from capitalism. They say to themselves: "We were cheated under that system. We do not want capitalism and popular government. Instead we want wealth, too. If we cannot get it ourselves, individually, we will get it collectively. We will vote for socialism and not capitalism. And we will not have popular government either. We will have a dictator, instead, somebody to protect us from the capitalists—those few who have become richer and richer while we were tricked out of the benefits from our savings."

And so the best seed bed for socialism is an unsound money system. We have such an unsound money system presently in the United States. One does not *need* to be an especially endowed prophet—one does not need charismatic powers—to be able to forecast in what direction the course of events in the United States will be.

A New Lord God Almighty

People who favor fiat money rather than commodity money cannot possibly accept the first commandment in the Decalogue of Moses. The first commandment reads: Thou shalt have no other gods before me. To have another god means to acknowledge another *creator*. Fiat money advocates have such another god, namely, the state, *the creator of fiat money*.

Anyone who favors a *commodity* money is, at least in regard to money matters, not an idolator of the state. The value of that commodity money came about in the natural course of events. The state may "accommodate" itself to that situation, and endeavor to formalize it. For example, let it be assumed that gold is the commodity money which, in the natural course of events, has become the money of a society. What is needed is the most widespread uniformity in regard to the weight and fineness of gold coins. This can be left to individuals or private corporations. Probably there would eventually be remarkable uniformity in both weight and fineness if competition were permitted to run its course. That is probably the most desirable way of determining the weight and quality of currency.

But it has become customary for states to intervene to set the weight and fineness of coins to be used within their borders. No great wrong is done by that, although a bad precedent is established by it. In such actions, the state conforms to reality, and selects a weight and fineness that agrees as closely as possible with the existing market. The state merely "validates" what exists. It really creates nothing. The values were already there.

But when the state puts out fiat money it undertakes to be a creator. By fiat money it creates purchasing power for itself or someone else. This purchasing power was not some other good, available through prior work or production of some sort. It is *new* purchasing power arbitrarily *created* by the fiat money. Something is established which was not there before. It is an arrogant and vicious act of creation. The state when it does that qualifies under the fanatic statement of Ferdinand Lassalle, the socialist, who declared, "The State is God."

The viciousness of this act of creation consists in it being theft authorized and organized and accomplished through the state.

Whoever favors fiat money favors theft, and has a false god. He sins at least against the first and eighth commandments.

No Fiat Money Will Ever Be The Universal Money Unless The World Has Only One Government

Gold is today the *one* world-wide money that exists.

Gold is the universal money in the world, because it is a *commodity* money, and not a fiat money. *Commodity* money has value independent of the declaration of value by the state.

Fiat money is never genuinely more than local money. If it is more than local money, that is solely because that government *will redeem its paper money, on demand, in gold*. It is the assured *redemption in gold* which makes that money valuable beyond a nation's border. Such money is not yet completely fiat money.

Of course, on the basis of two fiat monies in two separate states goods can be exchanged; but the exchanges between those two countries are never "stable" over any period of time, unless the monetary policies of the two countries are genuinely dependent on each other. Such exchanges accomplished by fiat money really remain barter, facilitated by fiat money.

In the case of gold, the situation is different. If prices in Country *A* get out of line, say too high, it cannot ship so much of its high-priced products any more to Country *B* where prices are lower. But vice versa, Country *B* can easily ship to Country *A*. because Country *B* has lower prices and presumably lower costs. More merchandise then moves from *B* to *A*, than from *A* to *B*. The question is: how settle for the extra shipments from *B* to *A*? The answer is: *A* ships gold to *B* to pay for the extra merchandise, in gold.

Then what happens? Because of the operation of the quantity theory of money, prices in Country *A* drop, and in Country *B* rise. The reason is that the smaller quantity of money in *A* lowers prices, and the greater quantity of money in *B* raises prices — according to the quantity theory.

Gold, then, a commodity money and not a fiat money, keeps prices between countries in line. Or rather, it is the shipment of gold which restores price relationships between countries. No fiat money can do that.

And so when people, who are idolators, look upon their government as a creator of money, their "god" is not a universal god after all. At most, he is a territorial god — who is a "creator" of fiat money only within his own boundaries.

But a genuine *commodity* money (it does not necessarily need to be gold) can be a universal money, without the government of the world being *one* power — a one-world government.

Dismay About A Friend Taking To Bible Reading

Dismay

Some years ago a banker told a group of friends engaged in casual business conversation that he had begun a project consisting of "reading the Bible from beginning to end." I endeavored to prevent my face from betraying dismay. But why dismay?

The speaker was one of the ablest bankers in the United States. He had been educated without religion and was without religious affiliation. It was highly improbable that he was a "seeker" of religion or salvation. This project of his — to read the Bible from beginning to end — was a research study, somewhat in this vein: — "thousands of people appeal to the Bible and live and die professing faith in it and declaring they conduct

themselves according to it, or they allege that they at least are endeavoring to do so; now, what is there to it? Is it what it is advertised to be?

The quality of this banker is such that his reading of the Bible although not predisposed to be genuinely sympathetic, would at least be "objective;" this is the kind of man who reads (say in regard to money and banking) the writings of men whom he considers unsound, just to know what force there may be to their ideas. In short, a man with an "open mind" and consequently most extraordinary.

Reason For Dismay

The Bible is full of contradictions, as some would say; or apparent contradictions, as others would say. Just because of that, no organized church, with extensive history, has neglected to take a position on those "contradictions." They have all developed a creed or a dogma. The creed tells what is to be emphasized as important in the teachings of the Bible. The dogma tells which interpretations are approved when there are "contradictory" passages. The churches by creed and dogma have told their members *how* to read (interpret) the Bible. Dogma exists in order to "rationalize" the teachings of Scripture. The Christian religion would have difficulty surviving if the church did not "assist" its readers by supplying the key—by means of dogma—to interpretation of its Scriptures.

This banker was reading the Bible without such assistance. He would probably reject such assistance with some remark to the effect: "I read all other documents on my own without a key or guide. I can *read*. Why should I need somebody to help me read the Bible. If it is a good book, it ought to be readable, and it ought to be consistent. If it is not, I shall make up my own mind about that."

There can be no doubt that the Bible is a wonderful book. Its effect on many men and women throughout history testifies to that. But its quality *appears* to be mixed. The authors are a heterogeneous group. The contents purport to be pre-history, history, poetry, theology, ethics, prophecy, eschatology.

The Bible is a book containing spectacular promises. A "troubled and seeking soul" might select out of the mass of ma-

terial in the Bible those parts which give consolation and guidance. His *need* might result in the right "dogmatization" of what Scripture teaches. But this banker was hardly a "seeking soul" and would feel no urgent need for it to be a guide to help him grasp firmly the promises in Scripture. In this respect, our banker is typical of his age and his nation. Life is being good to him. While death and disaster are delayed, he is in an undisturbed frame of mind.

Several examples will be considered of problems which Scripture does not answer unequivocally. In a sense, a man can take whichever interpretation of these cases he likes, and ignore the others, or he can in confusion reject them all.

Differences About The Sacraments

The sacraments are an important aspect of the Christian religion and a subject of lively contention. Catholics say that there are seven sacraments; Protestants declare that there are only two. In the sacrament of the Eucharist or Holy Communion there is an irreconcilable difference between Catholics and Protestants about the change in the character of the bread and wine upon their being blessed. Catholics declare that the bread and wine are completely changed; Protestants dispute that, as being contrary to fact.

But the Protestants are in irreconcilable disagreement themselves. After the Reformation one of the German princes decided that it was important that the two main bodies of Protestants, the Lutherans and the Calvinists, should be reconciled and should merge. A conference was held at Marburg, Germany, between Lutherans, Zwinglians and Calvinists, known as the Colloquy of Marburg. The Colloquy was wrecked over disagreements between the Lutherans and Calvinists about Holy Communion.

Similarly, there are differences between the churches about baptism, which separates some denominations from all others; consider those who demand immersion and apply baptism only to adults, in contrast to those who sprinkle and apply baptism to infants as well as adults.

On these questions pertaining to the sacraments, which have been bitterly disputed for centuries, Scripture either does not unequivocally teach one clear doctrine, or else the several denominations are reading something into Scripture which is not there.

What conclusion would a banker, knowing about these controversies, reach in regard to the bitter differences between Christians about the sacraments — on the basis of a single research reading?

The Doctrine Not To Resist Evil

It is commonly recognized that the Sermon on the Mount in the New Testament is the high water mark in the ethical teaching of the Christian religion. *Rightly understood*, the Sermon on the Mount is a spectacular advance over the previous prevailing teaching. Nevertheless, it must remain a highly controversial document as it stands. There are in it many radical statements which are easily misunderstood or can easily be misinterpreted. Consequently, the interpretation of the Sermon on the Mount has divided Christians on practically every subject taught in it.

The general tenor of the teaching of Scripture is that evil deeds should be (and are) punished. Nevertheless, the astonishing statement appears in the Sermon on the Mount, *Resist not evil* (Matthew 5:39). This sounds like a perfect denial of the most elementary morality. Leo Tolstoy, the Russian novelist, actually took this text as the key text to all Scripture! He completely ignored that there might be an omission or ellipsis in the report on the Sermon on the Mount, which it was assumed the reader would assume when he read the statement, namely, *Resist not evil with evil means*, or with *retaliatory motivations*, rather than utilitarian motivations. There is a basic difference between saying, *Resist not evil* and *Resist not evil with evil*. But would this banker read the Scripture carefully enough — *could* he on *one* reading read it carefully enough — to supply the words omitted by the ellipsis in the expression?

To Obey Or Not To Obey The State

Scripture teaches, or seems to teach, three contradictory doctrines regarding the state:

1. The state is a divine institution, and must be obeyed.
2. The state is a devilish institution, the "great beast" of the Apocalypse;
3. The state may be (a) good or evil; (b) is not always divine nor always bestial; but (c) should be obeyed when it is good and resisted when it is bad.

For the first attitude toward the state, see Romans 13:1-7 where one may read:

(1) Let every soul be in subjection to the higher powers: for there is no power but of God; and the *powers* that be are ordained of God. (2) Therefore he that resisteth the power, withstandeth the ordinance of God: and they that withstand shall receive to themselves judgment. (3) For rulers are not a terror to the good work, but to the evil. [And so forth in the same vein through paragraph 7.]

Paul was a privileged person *because* he was a Roman citizen. He could travel where he wished. The Roman state was of great assistance to *him*, compared with what his problems would be under petty states with inferior laws. Paul felt constrained undoubtedly (and rightly so) to accept and recommend obedience to the Roman state. Paul's statement here may not be completely parochial and conditional, but it cannot be considered (in our view) to be universal. What Paul wrote was valid (1) for Paul, (2) in his time, (3) under the Roman state, (4) in a letter addressed to Romans. What he wrote was not (1) for all men, (2) in all times, (3) in every state, nor (4) was it valid for some German on the fringes of the Roman empire.

So much for what the Apostle Paul taught.

2. For the second attitude toward the Roman state consider the practically contemporaneous writing of the Apostle John, exiled to the Island of Patmos in the Aegean Sea. In the last book in the Bible, *Revelation*, John writes as follows (Revelation 13:1-18):

(1) And I saw a beast coming up out of the sea, having ten horns and seven heads, and on his horns ten diadems, and upon his heads names of blasphemy . . . (7) And it was given unto him to make war with the saints, and to overcome them . . . (16) And he causeth all, the small and the great, and the rich and the poor, and the free and the bond, that there be given them a mark on their right hand, and upon their forehead, (17) and that no man should be able to buy or to sell, save he that hath the mark. . . .

The "beast" referred to is obviously some state or dictator.

This abbreviated quotation also has some "parochial" earmarks. It pertains to a specific future time, under specific future conditions. It does not purport to be universal in time although it seems to be universal in area. In any event it does not justify the conclusion that all obedience is forbidden to all governments, any more than that the quotation from Romans required obedience by all men to any government.

3. For the third attitude consider what a third apostle, Peter, said in Acts 4:19 and Acts 5:29. We quote the latter:

But Peter and the apostles answered and said,
We must obey God rather than men.

Here priority is given to whatever a man regards as the commandments of God. This statement is not the least parochial in time or place, as a principle governing the relations between men and the state. (However, see also I Peter 2:13-25.)

Here are three principles: (1) always obey the state; (2) consider the state the "great beast," the anti-Christ, and never bow before it for your soul's salvation sake; or (3) obey the state when it conforms to the commandments of God, but not otherwise.

What would our banker friend make out of these three principles. Would he accept Paul's doctrine, and reject John's and Peter's; or would he prefer one of the others? Or would he conclude that Scripture contains lamentable disagreements, and that at best one must pick and choose?

The Attitude Of God Toward Men

If there is any teaching in Scripture which would seem to be significant for this life, it would appear to be its teaching regarding the attitude of God toward men — is it (1) generally favorable; (2) generally unfavorable; or (3) is it discriminatory? Let us quote three views again:

1. God loves the sinner more than the righteous;
2. God loves those who are good, but not those who are evil; and
3. God loves good and bad men equally.

Here is enough disagreement to confuse even a sagacious banker.

1. Let us first consider the statements about God's preferential love for the sinner. There are conspicuous examples, the parable of the Prodigal Son, the Lost Sheep whom the Shepherd went out to save at the cost of temporary separation from the "Ninety and Nine." Then there were the publicans and sinners preferred to the Pharisees, who at least *outwardly* were not such grievous sinners. Or if they were all equal sinners, why was such preferential time and attention given to the "publicans and sinners"?

2. In contrast, Scripture repeatedly promises rewards for the good, and punishment for evil-doers. Consider the First Psalm:

Blessed is the man that walketh not in the counsel of the wicked, Nor standeth in the way of sinners, Nor sitteth in the seat of scoffers. . . . The wicked are not so, But are like chaff which the wind driveth away. Therefore the wicked shall not stand in the judgment. . . . the way of the wicked shall perish.

The idea is simple: the good are rewarded and the evil punished.

3. Finally, there is the third idea, found in the celebrated Sermon on the Mount, namely, that God does not treat the righteous better than the unrighteous, but that (Matthew 5:43-48):

Ye have heard that it was said, Thou shalt love thy neighbor, and hate thine enemy: but I say unto you, Love your enemies, and pray for them that persecute you; that ye may be sons of your Father who is in heaven: *for he maketh his sun to rise on the evil and the good, and sendeth rain on the just and the unjust.* For if ye love them that love you, what reward [merit] have ye? do not the publicans the same? And if ye salute your brethren only, what do ye more *than others?* do not even the Gentiles the same? Ye therefore shall be perfect, as your heavenly Father is perfect.

Here good and evil men are treated equally without discrimination.

A banker, by a single, first-time, objective reading will probably lay the Bible aside, and say, "There are some fine statements and grand stories in the book, but it is self-contradictory. As a book, the Bible is just about what you want to make out of it. In regard to being (1) indifferent to good and evil, versus (2) rewarding merit and penalizing evil, the latter looks like the better policy to me. As a banker I have no intention whatever to make loans to the unwise and dishonest in the same way as I make them to the prudent and honorable, nor am I going to take a natural phenomena, as rain and sunshine, for my guide in business." If our banker friend reasoned that way, we would be in perfect agreement with him.

Of the three propositions here listed regarding God's attitude toward good men and evil men, the only one that states a comprehensive rule is the second, God rewards the good and punishes the evil. But then the other two propositions: that God favors sinners, or that He is a nondiscriminator, need careful exegesis — if the Christian religion is not to be ridiculous.

If the experts in interpreting Scripture, after much study, are often at loggerheads on the most elemental and fundamental subjects, what is one to expect from mere *casual* Bible reading even when the reader is a highly intelligent person, or *just because* he is a highly intelligent person.

An Erotic Poem?

Or, consider the "Song of Solomon," also known as the "Canticles of Canticles," which appears in the Old Testament. On simple reading — by our banker or anyone else — this Bible book will probably leave a man with two conclusions, (1) this is an erotic poem catering to sexual instincts, and (2) it is an extremely confusing poem, if not meaningless. Neither conclusion will do the Christian religion any good, nor enhance the Bible in the estimates of its readers.

Recently a friend gave us a new Catholic edition of the Holy Bible (known as the Confraternity Edition). This edition supplies some genuine helps for understanding the "Song of Solomon." First, there are some helpful footnotes. Secondly, this edition indicates that there are *three* "characters" in the Song, and it is further indicated in this edition what is to be ascribed to each of the three. Who, indeed, would know that there are *three*; most people think there is only *one* character speaking in the "Song?" The three are, the bridegroom, the bride, and a chorus (probably of girls). With this assistance, the Song of Solomon takes on an altogether different aspect; it "makes sense" and has "propriety." But without that assistance, not improbably the Song of Solomon would not enhance our banker's estimate of the Scriptures.

* * *

There is, indeed, an interesting problem about *how* to read Scripture. There are at least three different approaches that can be made to it: (1) the Catholic, (2) that of the organized Protestant Churches, and (3) that of the undenominational churches. The first favors the thought that Scripture should be interpreted through the church, and this is emphasized to such an extent that Catholic layfolk are not encouraged to explore Scripture by themselves; if they have questions, ask the priest. The second favors free study of the Scriptures by everyone, but adds the restrictive discipline — you may not belong to this denomination unless you do indeed read (interpret) the Scriptures as we do; accept our creeds, or stay out. The last group rejects the other two positions, and apparently sees no problem and seeks no harmonization or rationalization of Scripture; if there are problems, the undenominational churches do not appear to work at solving them.

The history of the Church indicates a tireless effort at "rationalizing" Scripture. People today do not read it as they did one thousand years ago. The "framework" in which they see Scripture is different. The "frame of reference," in Einstein's sense, has been altered greatly. It is probably correct that the creeds need further substantial rationalization. The process will always be "behind the times," which is probably inevitable and as it should be.

But a mature individual, with no real Christian background, under no great emotional strain, philosophic in temperament, reading the Hebrew-Christian scriptures as a research project, in our estimation, needs help in two ways, one of which is available. The two aids that he needs are:

(1) What creeds and dogmas the churches have already worked out to "harmonize" the varieties of ideas in Scripture; in other words, he should read not only Scripture but the creeds as well; maybe simultaneously, maybe *after* reading scripture; but the analytic work which has resulted in the creeds should not be ignored.

(2) He might wish to work at further harmonization of Scripture himself. He—if a superior reader of Scripture—should think beyond the creeds, should bring them up to date, and should interpret the (apparently) conflicting statements in Scripture more skillfully than the slow-moving creeds have yet done.

Lord Charnwood somewhere in his biography of Lincoln quotes Lincoln (who did not read the Scriptures once but often and repeatedly and Lincoln was a most excellent reader), as saying something to the effect: "Take all of Scripture that you can understand on its merits, and the rest on faith, and you will not go far wrong." That would be a profitable attitude for all men to take.

* * *

Not many mature, prosperous people who have not been educated to the Christian religion are converted to it in their full maturity. A single research reading will not develop many Christians. For Scripture to be accepted it is usually necessary to be educated in it from childhood. This is probably the reason that denominations with parochial schools appear to be the most prosperous and virile. The graduates of their grade and higher schools

already have the assistance of a creed in reading Scripture, and the approach to the reading is not pure research, but is often accompanied by genuine devotion.

If Christianity is to survive, it will be necessary to "assist" the Bible with some dogmas, systematically taught, and intelligently interpreted. Churches without their own schools, (or the equivalent of parochial schools,) will probably dry up as a river running into desert wasteland. Whoever does not hold to that will be obliged to place his reliance on the kind of reading of this banker.

Joe Doakes At The Gate

The following is taken from an article by Leonard E. Read entitled "On That Day Began Lies" in *The Freeman*, April, 1956, published by the Foundation for Economic Education, Irvington-on-Hudson, New York. Readers of *FIRST PRINCIPLES* should read this entire article because it pertains to a dispute within the National Council of Churches, an organization with a program which is strongly interventionistic if not socialistic.

Imagine this: Joe Doakes passed away and [appeared at the gates of heaven]. He [rapped at] the Gates and St. Peter appeared.

"Who are you, may I ask?"

"My name is Joe Doakes, sir."

"Where are you from?"

"I am from Updale, U.S.A."

"Why are you here?"

"I plead admittance."

St. Peter scanned his scroll and said, "Yes, Joe, you are on my list. Sorry I can't let you in. You stole money from others, including widows and orphans."

"Mr. St. Peter, I had the reputation of being an honest man. What do you mean, I stole money from widows and orphans?"

"Joe, you were a member, a financial supporter, and once on the Board of Directors of The Updale Do-Good Association. It advocated a municipal golf course in Updale which took money from widows and orphans in order to benefit you and a hundred other golfers."

"Mr. St. Peter, that was The Updale Do-Good Association that took that action, not your humble applicant, Joe Doakes."

St. Peter scanned his scroll again, slowly raised his head, and said somewhat sadly, "Joe, The Updale Do-Good Association is not on my list, nor any foundation, nor any chamber of commerce, nor any trade association, nor any

labor union, nor any P.T.A., nor any church. All I have listed here are persons, *just persons.*"

Individualism and Christianity are not "social." They keep their eye on persons; not on "corporate responsibility."

The Consequence Of A Market Economy

For the purpose of *organizing* society, there is a choice between only two systems: a free-market system associated with private ownership of capital; or a socialist-communist-interventionist system in which bureaucrats control distribution and production, because there is no private ownership of capital but only public ownership.

What is the principal economic consequence of a *free-market-private ownership* type of economic organization of society? This is Ludwig von Mises' answer: (see page 413, *The Theory of Money and Credit*, Yale University Press, 1953)

Private ownership of the means of production tends to shift control of production to the hands of those best fitted for this job and thus to secure for all members of society the fullest possible satisfaction of their needs. It assigns to the consumers the power to choose those purveyors who supply them in the cheapest way with the articles they are most urgently asking for and thus subjects the entrepreneurs and the owners of the means of production, viz. the capitalists and the landowners, to the sovereignty of the buying public.

The consumer is "boss." Contrarily, under a socialist-communist-interventionist system the "boss" is not the consumer interested in his own welfare, but a bureaucrat, who does not urgently see to it that the control of capital comes into possession of the most efficient users of capital.

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