MONEY AND INFLATION

'Money' is paid for labour only when it has produced a service – either service directly or by incorporating it with the raw materials of nature through changing their shape, condition, or location. Eventually, the material substances fall back into nature's timeless reservoir and the labour, the exertion, vanishes, although even this becomes doubtful if one delves far into the metaphysics.

However, concepts such as ideas and feelings cannot be conveyed to others except through words that picture material substances. Hunger indicates items of food; thirst, those of water; and so on, with the degree of those feelings being spoken of only with the utmost vagueness.

The value of one service cannot be directly measured against that of any other item, for 'value' is a supremely personal thing and for each of us is continually varying through our changing physical and locational circumstances.

Nor can material items be compared with others except through our tangible perceptions as to their shape, condition and location. All these vary according to the eye of each beholder. What is common about it is that each of us automatically assesses the amount of labour that possession will enable us to avoid. There is neither buying nor selling unless the deal is seen as giving an avoidance of labour.

When 'money' is used in exchanges, it measures the purchaser's conflicting desire for the item he is proffered and for the item with which he must part when he consummates the deal. It indicates that the possessor has already exerted himself in producing either goods or services. If the money is gold, the past exertion is obvious. If it is paper, the past exertion is inferred, the implication being that some acceptable material item is available immediately around the corner.

When our respective Treasurers budget for a deficit, their very statements show that the cheques that they will write for that part of their spending will require additional paper notes to be printed, for there will not be 'tax' money in their coffers when the cheques come for payment! However, the new notes being identical with the pre-existing ones, the total is inflated against the unchanged supply of goods and services. All prices then rise in consequence.

The error most commonly made over all this lies in a confounding of the money itself with the item for which it is token – this in the ultimate being the personal avoidance of effort.

(Note: A wonderful book about Inflation is FIAT MONEY INFLATION IN FRANCE by Andrew Dixon White – founder of Cornell University. It is available for $5.00 at 31 Hardware Street. An excellent book about banking – Howard Katz's THE PAPER ARISTOCRACY – is available for borrowing from our library.)

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