

HUBBARD COMMUNICATIONS OFFICE
Saint Hill Manor, East Grinstead, Sussex

HCO POLICY LETTER OF 6 MARCH 1966
CORRECTED AND REISSUED 5 OCTOBER 1985

Remimeo
Guardian Hat
Exec Secs Hat
HCO Area Sec Hat
Dir I & R Hat
All HCO Hats
LRH Comm Hat

(Corrections in this type style)

REWARDS AND PENALTIES

**HOW TO HANDLE PERSONNEL AND
ETHICS MATTERS**

The whole decay of Western government is explained in this seemingly obvious law:

**WHEN YOU REWARD DOWN STATISTICS AND PENALIZE UP STATISTICS
YOU GET DOWN STATISTICS.**

If you reward nonproduction you get nonproduction.

When you penalize production you get nonproduction.

The welfare state can be defined as that state which rewards nonproduction at the expense of production. Let us not then be surprised that we all turn up at last slaves in a starved society.

Russia cannot even feed herself but depends on conquest to eke out an existence—and don't think they don't strip the conquered! They have to.

Oddly enough one of the best ways to detect a suppressive person is that he or she stamps on up statistics and condones or rewards down statistics. It makes an SP very happy for everyone to starve to death, for the good worker to be shattered and the bad worker patted on the back.

Draw your own conclusions as to whether or not Western governments (or welfare states) became at last suppressives. For they used the law used by suppressives: If you reward nonproduction you get nonproduction.

Although all this is very obvious to us, it seems to have been unknown, overlooked or ignored by twentieth century governments.

In the conduct of our own affairs in all matters of rewards and penalties, we pay sharp heed to the basic laws as above and use this policy:

We award production and up statistics and penalize nonproduction and down statistics. Always.

Also we do it *all* by statistics—not rumor or personality or who knows who. And we make sure everyone has a statistic of some sort.

We promote by statistic only.

We penalize down statistics only.

The whole of government as government was only a small bit of a real organization—it was an ethics function plus a tax function plus a disbursement function. This is about 3/100ths of an organization. A twentieth century government was just these 3 functions gone mad. Yet they made the whole population wear the hat of government.

We must learn and profit from what they did wrong. And what they mainly did wrong was reward the down statistic and penalize the up statistic.

The hardworker-earner was heavily taxed and the money was used to support the indigent. This was *not* humanitarian. It was only given “humanitarian” reasons.

The robbed person was investigated exclusively, rarely the robber.

The head of government who got into the most debt became a hero.

War rulers were deified and peacetime rulers forgotten no matter how many wars they prevented.

Thus went ancient Greece, Rome, France, the British Empire and the US. *This* was the decline and fall of every great civilization on this planet: They eventually rewarded the down statistic and penalized the up statistic. That’s *all* that caused their decline. They came at last into the hands of suppressives and had *no* technology to detect them or escape their inevitable disasters.

Thus, when you think of “processing Joe to make a good D of P out of him and get him over his mistakes,” forget it. That rewards a down statistic. Instead, find an auditor with an up statistic, reward it with processing and make *him* the D of P.

Never promote a down statistic or demote an up statistic.

Never even hold a hearing on someone with an up statistic. Never accept an ethics chit on one—just stamp it “Sorry, Up Statistic” and send it back.

But someone with a steadily down statistic, investigate. Accept and convert any ethics chit to a hearing. Look for an early replacement.

Gruesomely, in my experience I have only seldom raised a chronically down statistic with orders or persuasion or new plans. I have only raised them with changes of personnel.

So don’t even consider someone with a steadily down statistic as part of the team. Investigate, yes. Try, yes. But if it stays down, don’t fool about. The person is drawing pay and position and privilege for not doing his job and that’s too much reward even there.

Don’t get reasonable about down statistics. They are down because they are down. If someone *were* on the post they would be up. And act on that basis.

Any duress leveled by Ethics should be reserved for down statistics.

Even Section 5 investigates social areas of down statistic. Psychiatry’s cures are zero. The negative statistic of more insane is all that is “up.” So investigate and hang.

If we reverse the conduct of declining governments and businesses, we will of course grow. And that makes for coffee and cakes, promotion, higher pay, better working quarters and tools for all those who earned them. And who else should have them?

If you do it any other way, everyone starves. We are peculiar in believing there is a virtue in prosperity.

You cannot give more to the indigent than the society produces. When the society, by penalizing production, at last produces very little and yet has to feed very many, revolutions, confusion, political unrest and Dark Ages ensue.

In a very prosperous society where production is amply rewarded, there is always more left over than is needed. I well recall in prosperous farm communities that charity

was ample and people didn't die in the ditch. That only happens where production is already low and commodity or commerce already scarce (scarcity of *commercial* means of distribution is also a factor in depressions).

The cause of the great depression of the 1920s and 1930s in the US and England has never been pointed out by welfare "statesmen." The cause was income tax and government interference with companies and, all during the 1800s, a gradual rise of nationalism and size of governments and their budgets, and no commercial development to distribute goods to the common people, catering to royal governments or only a leisure class still being the focus of production.

Income tax so penalized management, making it unrewarded, and company law so hampered financing that it ceased to be really worthwhile to run companies and management quit. In Russia management went into politics in desperation. Kings were always decreeing the commoner couldn't have this or that (it put the commoner's statistic up!) and not until 1930 did anyone really begin to sell to the people with heavy advertising. It was Madison Avenue, radio, TV and Bing Crosby not the Gre-e-eat Roosevelt who got the US out of the depression. England, not permitting wide radio coverage, never has come out of it and her empire is dust. England still too firmly held the "aristocratic" tradition that the commoner mustn't possess to truly use her population as a market.

But the *reason* they let it go this way and the *reason* the great depression occurred and the *reason* for the decline of the West is this one simple truth:

If you reward nonproduction you get it.

It is *not* humanitarian to let a *whole* population go to pieces just because a few refuse to work. And some people just won't. And when work no longer has reward none will.

It is far more humane to have enough so everyone can eat.

So specialize in production and everybody wins. Reward it.

There is nothing really wrong with socialism helping the needy. Sometimes it is vital. But the reasons for that are more or less over. It is a temporary solution, easily overdone and like communism is simply old-fashioned today. If carried to extremes like drinking coffee or absinthe or even eating, it becomes quite uncomfortable and oppressive. And today socialism and communism have been carried far too far and now only oppress up statistics and reward down ones.

By the way, the natural law in this Pol Ltr is the reason Scientology goes poorly when credit is extended by orgs and when auditors won't charge properly. With credit and no charge we are rewarding down statistics with attention and betterment as much as we reward up statistics in the society. A preclear who can work and produces as a member of society deserves of course priority. He naturally is the one who can pay. When we give the one who can't pay just as much attention, we are rewarding a down social statistic with Scientology and of course we don't expand because we don't expand the ability of the able. In proof, the most expensive thing you can do is process the insane and these have the lowest statistic in the society.

The more you help those in the society with low statistics, the more tangled affairs will get. The orgs require fantastic attention to keep them there at all when we reward low society statistics with training and processing. The worker pays his way. He has a high statistic. So give him the best in training and processing—not competition with people who don't work and don't have any money.

Always give the best service to the person in society who does his job. By not extending credit you tend to guarantee the best service to those with the best statistics

and so everyone wins again. None *are owed* processing or training. We are not an Earthwide amends project.

No good worker *owes* his work. That's slavery.

We don't *owe* because we do *better*. One would owe only if one did worse.

Not everyone realizes how socialism penalizes an up statistic. Take health taxes. If an average man adds up what he pays the government, he will find *his* visits to medicos are *very* expensive. The one who benefits is only the chronically ill, whose way is paid by the healthy. So the chronically ill (down statistic) are rewarded with care paid for by penalties on the healthy (up statistic).

In income tax, the more a worker makes the more hours of his work week are taxed away from him. Eventually he is no longer working for his reward. He is working for no pay. If he got up to £50 a week the proportion of his pay (penalty) might go as high as half. Therefore people tend to refuse higher pay (up statistics) as it has a penalty that is too great. On the other hand a totally indigent nonworking person is paid well just to loaf. The up statistic person cannot hire any small services to help his own prosperity as he is already paying it *via* the government to somebody who doesn't work.

Socialisms pay people *not* to grow crops no matter how many are starving. Get it?

So the law holds.

Charity is charity. It benefits the donor, giving him a sense of superiority and status. It is a liability to the receiver but he accepts it as he must and vows (if he has any pride) to cease being poor and get to work.

Charity cannot be enforced by law and arrest for then it is extortion and not charity.

And get no idea that I beat any drum for capitalism. That too is old-old-*old* hat.

Capitalism is the economics of living by nonproduction. It by exact definition is the economics of living off interest from loans. Which is an extreme of rewarding nonproduction.

Imperialism and colonialism are also bad as they exist by enslaving the population of less strong countries like Russia does, and that too is getting a reward for non-production like they did in Victorian England from all the colonies.

Parasitism is parasitism. Whether high or low it is unlovely.

All these isms are almost equally nutty and their inheritors, if not their originators, were all of a stamp—suppressive.

All I beat the drum for is that the working worker deserves a break and the working manager deserves his pay and the successful company deserves the fruits of its success.

Only when success is bought by enslavement or rewards are given to bums or thieves will you find me objecting.

This is a new look. It is an honest look.

Reward the up statistic and damn the down and we'll all make out.

L. RON HUBBARD
Founder

Adopted as official
Church policy by
CHURCH OF SCIENTOLOGY
INTERNATIONAL