

HUBBARD COMMUNICATIONS OFFICE
Saint Hill Manor, East Grinstead, Sussex

HCO POLICY LETTER OF 3 DECEMBER 1971

Remimeo

Executive Series 4

EXCHANGE

So many tricks have been entered into economics systems, and so many political fixations exist that a manager is often very hard pressed trying to bring about solvency for his activity.

Money can be manipulated in a thousand different ways.

There are "speculators" who seek to buy something (like land) cheaply and sell it dear. Or sell it dear, depress the market and buy it back cheaply. In either case they make a profit.

It is less well understood that "speculators" also operate on the subject of money itself. By manipulating the value of one currency against another they seek to obtain a profit. This is the "International banker" at his daily work. He buys a hundred billion French Francs for X dollars. Then he causes a panic about dollars. The Franc gets very valuable. He sells his hundred billion French Francs for 2X dollars. Then he says dollars are great. He has "made" a huge new lot of dollars for himself.

Or he finds a crummy politician like Hitler, builds him a war machine, gets paid back out of the plunder of Europe before Hitler collapses.

The banker loans George Manager 100,000 to modernize his plant. George wanted 200,000. But he takes the 100,000. The banker holds the whole plant as security. George doesn't make it as it really took 200,000 to do it. He goes broke. The banker grabs the 5,000,000 plant. This includes the 100,000 now spent on new machines. The banker sells it to a pal for 2,500,000 and makes that sum on his "loan".

The shareholders of Bide-a-wee Biscuit are told Bide-a-wee is busted. The stock falls. A group buys the stock up for peanuts, emerges as the owners of Bide-a-wee which turns out not to be busted.

All these and a thousand thousand other systems for making money, indulged in too often, spoil CONFIDENCE and destroy money.

Eventually a whole religion like Communism will grow up dedicated only to the destruction of Capitalism.

What has been dropped out is the idea of EXCHANGE.

Money has to *represent* something because it is not anything in itself but an idea backed by Confidence.

It can represent Gold or beans or hours of work or most anything as long as the thing it represents is real.

Whatever it represents, the item must be exchangeable.

If money represents gold, then gold must be exchangeable. To prove this, the moment gold couldn't be individually owned, the dollar, based on it, became much less valuable.

There has to be enough of the thing that money represents. By making the thing scarce money can be manipulated and prices sent soaring.

Economics by reason of various manipulations can be made into the most effective trap of the modern slave master.

Periodically through history, not just in current times, monied classes or those believed to control money have been torn to bits, shot, stoned, burned and smashed. The ancient pharaohs of Egypt periodically lost their country through tax abuses.

Money, in short, is a passionate subject.

Modernly, the lid is coming off the economic pot which is at a high boil.

Too many speculators, too many dishonest men generating too much hate, too many tax abuses, too many propagandists shouting down money, too many fools, all add up to an explosive economic atmosphere.

A group has to be very clever to survive such a period. Their economic arrangements and policies must be fantastically wise, well established and followed.

As it exists at this writing, the only real crime in the West is for a group to be without money. That finishes it. But with enough money it can defend itself and expand.

Yet if you borrow money you become the property of bankers. If you make money you become the target of tax collectors.

But if you don't have it, the group dies under the hammer of bankruptcy and worse.

So we always make it the first condition of a group to make its own way and be prosperous on its own efforts.

The key to such prosperity is *exchange*.

One exchanges something valuable for something valuable.

Processing and training are valuable. Done well, they are priceless.

In many ways an exchange can occur. Currently it is done with money.

In our case processing and training are the substances we exchange for the materials of survival.

To *exchange* something one must find or create a *demand*.

He must then supply the demand in EXCHANGE for the things the group needs.

If that is understood, then at once it is seen that (a) a group can't just process or train its own members and (b) a group cannot give its services away for nothing and (c) the services must be valuable to those receiving them (d) that the demand must be established by surveys and created on the basis of what is found and (e) that continual public contact must be maintained.

Thus by bringing the problems of viability down to the rock bottom basics of *exchange* one can cut through all the fog about economics and money and be practical and effective.

If one is living in a money economy, then bills are solved by having far more than "enough money" and not spending it foolishly. One gets far more than "enough money" by understanding the principles of EXCHANGE and applying them.

In another type of economy such as a socialist state, the principles still work.

The principles of exchange work continuously. It does not go high and collapse as in speculation or demanding money but failing to deliver. Or delivering and not demanding money.

We see around us examples that seem to violate these principles. But they are nervous and temporary.

What people or governments regard as a valuable service is sometimes incredible and what they will overlook as valuable is also incredible. This is why one has to use surveys—to find out what people want that you can deliver. Unless this is established then you find yourself in an exchange blockage. You can guess, but until you actually find out, you can do very little about it.

Once you discover what people want that you *can* deliver you can go about increasing the demand or widening it or making it more valuable, using standard public relations, advertising and merchandizing techniques.

The fundamental is to realize that EXCHANGE is the basic problem.

Then and only then can one go about solving it.