

# The SOCIAL CREDITER

For Economic Democracy

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## Editorial

Social credit is a coherent body of theory about money and its place in serving the needs of society. Although it is not particular to any religion or creed, it is entirely compatible with all the main forms of religious belief and practice, as also with ethical humanism. For Christians, Jews, Muslims, Communists and others of all faiths or none, there is a fine line to be trodden between a 'them and us' divisive dualism and the use of one's beliefs to transcend ideological boundaries in order to reach out to our common humanity. In the past people of differing convictions have worked openly within political, religious, educational and voluntary organisations towards a common goal. Today it seems we have a world of dualisms. The statement of one person's beliefs can be interpreted as negation of the beliefs of others, sometimes accurately while at others mischievously. The divisions between paid and unpaid work have become more distinct and pronounced, with professionals in the caring, medical and teaching professions finding themselves increasingly confined within their hours of payment. Volunteers for individual worthy causes compete on an 'us and them' basis for funds to keep their organisations going. Paid organisers in voluntary bodies spend much of their time seeking to raise funds to keep their salaries going. Churches and other more traditional

religious bodies are by no means immune from the same financial constraints, as they struggle to maintain their buildings and full-time clergy in the face of dwindling congregations. Meanwhile, concerns at the growing gap between rich and poor, world poverty, global climate change and the increasing production and use of weapons of mass destruction continue to grow without abating.

Fifteen years ago I set out to discover why all the good ideas in the UK Green Party, most especially basic income, and alternative movements generally were being shouted from the sidelines while the economy followed firmly in its business-as-usual tramlines. Alternatives like peace, nuclear disarmament, social justice, poverty relief, conservation and environmental protection were, it seemed, simply 'not economic'. In the opinion of the experts, alternative thinking would do more harm than good. So I decided to enrol for postgraduate studies at the local university. Surely, I reasoned, all the good sense I had been taught at Birmingham University had been worked on, progressed with and improved upon over the intervening three decades? To my astonishment, I discovered that the soundest work on alternatives to global corporatism had been undertaken in the inter-war decades of the 20<sup>th</sup> century, before I was even born. My co-authored book *The Political Economy of Social Credit and Guild Socialism*, when duly refereed and placed with an academic publisher, would, I felt sure,

bring this body of sound alternative thinking on work, production, incomes, finance, peace and ecological sanity onto the mainstream political agenda. I could not have been more mistaken. Priced at £45, rising to £65 for a while, the book sold only to a few university libraries.

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To this day we owe a great debt of gratitude to the men and women who devoted their lives to seeking alternatives to an increasingly centralised economic system. They foresaw that an ever-increasing flow of production of armaments and consumer goods of doubtful value to humanity would lead to the escalation of wars, poverty and environmental degradation on an unprecedented scale. And they were right. Coming from all walks of life, academics, working people, trade unionists, politicians, educationalists, farmers, housewives, church leaders, industrialists, people of all faiths and none, envisioned a different form of political economy in which people ceased to be manipulated in their everyday lives by their desire for a money income. They were roundly

attacked as Utopian, idealistic, paternalistic impractical and many other things to which 'outdated' has been added in more recent times.

On a personal level I am grateful to those writers and thinkers, past and present, whose work I have reviewed over the years and found truly inspirational. My warmest thanks are also extended to the many individuals who have gone out of their way to be helpful to me in my researches. In particular I am profoundly grateful to the co-authors of my books, refereed papers and articles (list available). However, today the picture is as bleak as it was ever foretold in the middle decades of the 20<sup>th</sup> century. The skills and resources of western 'civilisation' are still turned to making war on humanity and the natural environment on which we depend, not only for our material needs but above all for the life of the spirit. Although there have always been individuals prepared to break the boundaries between ideologies, causes and sectional interests, today the barriers look insurmountable. There is very little meaningful, on-going dialogue between politicians, academics, business leaders, NGOs and voluntary organisations. Of one thing I can be absolutely certain: this last statement will be roundly contradicted, such is the meaningless polarisation of debate in the press and media generally. *The Political Economy of Social Credit and Guild Socialism* is now available as a reasonably priced paperback. It would make an excellent starting point for establishing a debate on practical, common sense alternatives to the present socially and ecologically devastating economic system. As Wendell Berry explains (see back page) we ordinary people must take it upon ourselves to create practical local solutions. Social Credit is about the engineering of local economies within a globalised world but independent of corporate power.

## Economics Made Simple

Frances Hutchinson

"I am not an economist, so I cannot evaluate social credit," is a frequent conversation-stopper. Invariably, the person has engaged in discussion because they are already asking questions about the economic causes of world poverty, debt, environmental degradation, the economic plight of farmers at home and abroad, or social justice generally. They feel there must be an alternative way of going about things within the bounds of economic orthodoxy but are not sure where to start the process of understanding what economics is all about. Some serious questioners may go so far as to enrol on a course of A-Level or undergraduate study of economics in an attempt to understand the discipline. However, most activists, although well versed in the other social sciences, prefer to make their contribution to society by taking the more comfortable line of skirting round the subject of economics altogether.

It would matter little if economic matters were indeed mere matters of opinion, like taste in art or music. However, in the modern world the economic is central to each and every human activity. The private sphere of household and family is every bit as dependent upon the economy as the public sphere of trade, commerce and politics. There is no life outside the economy. Hence the mantra, "I am not an economist" is a lazy (though understandable) cop-out. No individual has the right to take from the economic system in blatant disregard of their obligations to the rest of the world with whom they are interlinked with every economic act of sale or purchase. But how does one come to grips with so elusive a topic?

Fortunately a self-help solution is at

hand. An economics survival kit can be provided for less than £20. All you need to buy is an AS/A-Level economics revision guide, with a dictionary of economics. The revision guide, such as Andrew Gillespie's *As&A Level Economics Through Diagrams*, Oxford University Press, £9.99, sets out in summary all the key concepts taught at A Level. The identical material is taught at first year undergraduate level, with subsequent years merely offering more sophisticated specialist models, often dressed up with econometrics. To use the revision guide effectively, you will need a dictionary of economics.

Armed with these two books you can now find your own answers to questions like, "Why is it that 'they' now state that people will have to work until the age of 67 before they can receive a state pension?" The word 'pension' may not appear in the Revision Guide, but probably through the Dictionary you will realise that it is a form of 'income' – unearned income, coming from 'investment' or 'transfer payments'. Those topics do appear in the Revision Guide. Soon you will be exploring how work, alias 'employment', creates a money income. You're off on the track of economic literacy!

Use the books as you might set about a crossword puzzle, following individual topics and seeing how they relate to the subject as a whole. Studying economics in this way is very satisfying. Economic theory has a certain elegant logic which makes it a pleasant subject to study for its own sake. It can be fun – so long as you don't believe it!

Once you have begun to get the measure of so-called 'orthodox' economics, you will be in a position to turn to social credit and associated economic ideas with confidence and conviction.

## The Alberta Experiment

Frances Hutchinson

### Part I: The Story

Twenty-five years ago, when the BBC TV comedy series *Yes, Minister* was first broadcast, people were familiar with the idea that politicians are devious and self-interested. What was new was the realisation that the figure at the top of the civil service was actually running the country. If you remember, the plots revolved around the machinations of Sir Humphrey Appleby, the permanent under-secretary for Administrative Affairs, in order to entrap his newly appointed Minister, the Right Honourable James Hacker, into following Whitehall's lead and not his own political intentions. The series was popular because it was so true to life, which is hardly surprising since the scripts were drawn from actual events. Winding back in time another forty-five years, to Alberta, Canada, in 1935, exactly the same situation occurred in real life. William Aberhart was elected Premier of the Provincial Government of Alberta with a backing of 57 out of 63 seats in the Provincial Legislature. He had a clear mandate from the Provincial electorate to introduce monetary reform according to social credit principles<sup>1</sup>. However, the intentions of the politicians were frustrated by the permanent civil service of the Province and Dominion of Canada, in a manner which was far from comic.

At the subsequent Federal Election to the Dominion Parliament at Ottawa 17 Social Credit members were elected, forming the second largest opposition party in the federal legislature. The election of social credit politicians in Canada in 1935 formed the first serious political challenge to the orthodox financial system. These events had repercussions across the world. In November of the same year the

Labour Government of New Zealand came to power largely with the electoral support of the Douglas Social Credit Movement of New Zealand (although it did not formally commit itself to social credit policies). It was, however, the events in Alberta that captured the attention of a world-wide audience. How was it that a province three times the geographical area of Great Britain, with a population of 740,000, largely engaged in farming, with ample natural resources to keep the population out of want and poverty, could be totally thwarted in its attempt to control its own economy? To understand what happened it is necessary to explore the background in the early decades of the 20<sup>th</sup> century.

The story starts in the years immediately preceding World War I. In the UK at that time the politics of 'right' (the capitalist employers) and 'left' (the working class) was yet to fully emerge as the 'Conservative' and 'Labour' parties. The old categories of 'right' and 'left' now seem archaic. At the time, however, the political debate was not about who should have the greatest share of the products of industrial capitalism, the employers who create the job opportunities (capitalists) or the workers who actually do all the work (socialists). In the first decade of the last century, across the 'developed' world but most especially in the English-speaking regions of UK, the North American continent, Australia, New Zealand, and South Africa, a very different debate was being conducted by employers and workers together<sup>2</sup>. On a world-wide scale producers in industry and agriculture, whether employers or employees, sought to develop economic associations in which service to the community was the predominant motivation, rather than greed and

personal financial gain. A leading figure among the 'guild socialists' in the UK was the editor of *The New Age*, A.R. Orage. Orage was aware that the weakness in the guild socialist literature lay in its failure to take account of money and finance.

During the same period Clifford Hugh (Major) Douglas, a consultant engineer for Westinghouse and other global corporations was observing that in practice the one reason for abandoning a perfectly sound project was lack of finance. Invariably, the skills, the need, the technology, the labour and all the materials might be to hand, but if the money was not available the project could not proceed. He further observed that when World War broke out in 1914 there was no money with which to conduct the war. However, finance was found for the production and use of weapons of war, with all that that entailed. Destruction on an unprecedented scale could be financed and resulted at the very end of the war in levels of unprecedented prosperity. At this point his acute observations of the workings of finance in practice in the real world led him to predict post-war depression, followed by the resumption of hostilities on a world-wide scale.

When Douglas and Orage met at the end of World War I, Orage recognised that Douglas held the key to the missing element in the guild socialist platform, finance. For about a year there was a two-way exchange of ideas, following which the guild socialist economics known as social credit emerged<sup>3</sup>. Through the pre-existing 'guild socialist' links, social credit rapidly emerged as a world-wide phenomenon. Douglas' articles on social credit were reprinted in periodicals in many countries, while his books ran through many reprints.

In 1923 Douglas was invited to address the Canadian House of Commons Committee on Banking and Commerce. It was on this occasion that farming associations in Canada first picked up social credit economics, forming study groups which continued into the 1930s. Hence by 1935 many sections of the electorate in Canada were well versed in social credit theories, while Douglas himself was already a skilled political analyst of some fifteen years standing. As Douglas explains:

“If an explanation of the causes of Mr. Aberhart’s victory in 1935 were required in one word it could be given. That word would be ‘debt.’ The refusal to deal with the consequence of debt – taxation – is a complete explanation of the early failure of Mr. Aberhart’s policy, and a warranty that such preliminary failure will not be accepted by the population as in any way a solution to its problems”<sup>4</sup>.

Writing a mere two years after the election, while Aberhart was still alive, and the prospect of introducing social credit measures was still considered to be a possibility, Douglas went on to explain that the farming population of the Province was riddled with debt because as recent immigrants they had little money. “The Province does not grow money, it grows wheat.” Douglas explains the financial relationships between typical Albertan homesteaders, the Province as a whole, and the banks (pages 8-13). He then devotes a chapter to the history of Aberhart’s immediate political antecedents. The United Farmers of Alberta were elected to Provincial and federal seats in 1921. They were a progressive party. Publicity was given to social credit in the *Ottawa Citizen*. As a result of this publicity the UFA suggested that Douglas should be invited to address the Canadian parliament in 1923. Although from that date both the

electorate in Alberta and their elected representatives, the UFA were well versed in social credit, the politicians were guided by their ‘Sir Humphreys’ to remain firmly within the bounds of orthodox finance. When the crash came, and farms were being repossessed because of debt, the UFA were unable or unwilling to take action.

When he entered politics at the age of 54, William Aberhart was a schoolteacher with neither political experience nor substantial knowledge of social credit. He was Principal of a large state high school in Calgary, though better known as the dean of the Prophetic Bible Institution. The spectacle of students leaving school well equipped to make a contribution to society, but forced to join the unemployed on the breadlines, offended his religious convictions and his deeply ingrained sense of justice. Profoundly upset when one of his best students committed suicide in despair, he considered it intolerable that men and machines should stand idle alongside poverty and want. A colleague introduced him to a simplified version of social credit economics, which fired his imagination. A charismatic speaker, his introduction of social credit ideas to his Sunday religious broadcasts, followed by speeches at meetings throughout the Province, fell on receptive ears. The prior existence of a network of study groups established over the years by the UFA had created a well-informed electorate.

Aberhart’s original intention was to encourage the existing political parties to take up social credit. Failing to get any assurances from government or opposition parties, he decided to enter the political arena, encouraging his supporters to put up their own candidates in the forthcoming election. The candidates who came forward, and who were in due course elected were totally inexperienced politically, while few

were thoroughly conversant with social credit economics. Alarmed at Aberhart’s successes, the UFA Government invited Douglas to visit Alberta on his way back to England from his speaking tour of New Zealand. The UFA Government subsequently made an official request that Douglas act as economic advisor to the elected government. Douglas returned to Alberta once more, and drew up *The First Interim Report on the Possibilities of the Application of Social Credit Principles to the Province of Alberta* in May 1935. The Report is published in full as Appendix 1 to *The Alberta Experiment*. It demonstrates that its author had a thorough understanding of the political and economic issues on which he based his report to the elected Government. Aware of the nature of the political contest, Douglas scrupulously avoided taking sides, making a clear distinction, as throughout his writings, between policy formation – a political task – and technical advice as to how the results desired by the electorate might be achieved. The analogy might be made with the building of a bridge. It is up to the community to decide if they want a bridge, for what purposes, and where it should be built. The technicalities of drawing up the plans would be the work of an engineering expert.

Douglas was aware that electoral success would give Aberhart the authority to introduce social credit legislation, but not the ability to distinguish between technical advice on the one hand which would deliver reform (actually built the bridge), and technical advice which would, alternatively, render the implementation of social credit policies impossible (leave the community with a pile of rubble and no way of crossing the river). Hence Douglas was consistent in his relationship with Aberhart. Though he was sympathetic with the motivation behind Aberhart’s political venture,

and respected Aberhart as a person, Douglas was thoroughly conversant with the financial, administrative and legislative situation in which Aberhart would find himself after the election. As is evident from Douglas' account in *The Alberta Experiment*, including the Interim Report, Douglas had made detailed investigations into private debt and the history of the (debt-) financing of public works in the province. He was also completely conversant with the legislative relationships between the Federal and Provincial legislatures<sup>5</sup>. His complete understanding of the situation alerted him to the fact that failure to implement social credit policies at the outset of the term of office would be disastrous, not only for Aberhart's administration but also on a world scale. Douglas was addressing audiences of literally thousands, in his speaking tours, radio broadcasts and publications. In many localities social credit study groups met once or twice a week. In Keighley (where I live) in the North of England there were at least three such groups. It is no exaggeration to state that the eyes of the world were focused on the 1935 Albertan election and its immediate aftermath.

On his election Aberhart failed to confirm his provisional request for Douglas' immediate presence in Edmonton as the official advisor to the Albertan Government. Douglas cancelled his travel arrangements as, in true *Yes, Minister* style Aberhart was flattered, wined and dined, while being warned of the necessity to secure Albertan finances along orthodox lines. As a condition of receiving Federal financial support for the Province to meet demands for repayment of outstanding debt, Aberhart agreed to follow the recommendation of the Governor of the Bank of Canada and appoint Mr. Robert Magor as financial and economic advisor to the government. It was all over, bar the shouting. Social credit did not 'fail' in Alberta.

It was never tried.

Writing in 1937, Douglas did not regret the 'experiment', being convinced that it had placed the "idea of financial independence" on the political agenda, at least as far as the electorates of the Western states of Canada were concerned. He ends his account with these words:

"By a process of trial and error and with more or less struggling and suffering, the money-changers will be cast out of the Temple, and it will become impossible for human-beings to starve in the midst of plenty"<sup>6</sup>.

The story of social credit in Alberta does not, however, end with the appointment of Mr. Magor. Although Douglas never took up the post of official financial economic advisor, at Aberhart's insistence, two colleagues of Douglas' who were well versed in the philosophy and technicalities of social credit did. One of them, L.D. Byrne, established a close working relationship with Aberhart. From early 1938 until Aberhart's death in 1943, the two worked towards the introduction of genuinely social credit measures. Aberhart's successor, Ernest Manning, paid lip service to social credit but dismissed Byrne. Although nominally Social Credit Governments continued to be elected until 1971, they followed a policy of financial orthodoxy and political conservatism, facilitated by the general prosperity and oil revenues.

Conclusion: *The Alberta Experiment* should be mandatory reading for each and every would-be monetary reformer intending to enter the political arena. The Albertan electorate gave a clear mandate to their elected representatives to introduce social credit finance-economics. Seventy years later, hardly anybody can give a straight answer to the question, "What is social credit?" Intriguingly, nevertheless, in 2002, when asked by

Barbara Panvel to link the Early Day Motion on monetary reform to social credit, Austin Mitchell responded that, "there is a conditioned mindset against any form of social credit".

Social credit forms part of a complex, but nevertheless coherent quest for alternative ways of working together which are free from the carrot and stick of the money system.

Another strain of economics, stemming from Rudolph Steiner's work on the subject, is that of Associative Economics<sup>7</sup>:

"The associative approach to economics is based on the idea that economic life is the shared responsibility of every human being. *Talking Economics* is about making this responsibility conscious and finding ways to give it effect."

If he were here now, Douglas would answer the question, "What is social credit?" by endorsing the associative economics approach to economics. He would, perhaps, refer back to *The Alberta Experiment* as an object lesson in learning to distinguish between policies (the desire for a bridge, for particular reasons and purposes) and the technical skills which could implement the policies. It has been argued that World War II and the subsequent economic prosperity flowing from it, made social credit 'unnecessary'. For Douglas, a transient prosperity based on a money system beyond human understanding or control could hardly be termed a coherent alternative to social credit. What the Albertan electorate desired, and Douglas sought to deliver<sup>8</sup> was economic security for all. A study of social credit principles is one route to the end of taking up our shared responsibility for the social and environmental impacts of our economic lives.

Part II: The Lessons

“We want Social Credit, and we want it NOW!” The chant was used in electioneering in support of social credit in the UK, and may well have been used in Alberta. It carries a sense of urgency, an appeal for immediate practical action which is common to many crusading causes. If only we can persuade ‘them’ to follow ‘us’, our problems will all be solved. Don’t bother about the detail, don’t intellectualise – you are either for ‘us’ or against us. The polarity of a simplified debate coupled with the immediacy of action required is a recurring theme in the history of popular movements. The ‘Alberta Experiment’ is an excellent example of a skirmish won but a lost battle. Many seemingly ‘successful’ campaigns have been no less a failure in translating the intentions of their protagonists into concrete reform of the social order on the lines intended.

Examples of ‘successful’ campaigns abound in history. The anti-slavery, women’s suffrage and anti-apartheid movements are often cited as ‘successes’, as are the French revolution, the Russian Revolution and the overthrow of communism in the USSR. All had charismatic leaders, and writers of key texts cited by followers and circulated to this day. However, the degree to which the long term effects of the ‘successful’ campaigns were in line with the intentions of the proponents is far from clear. In the US, slaves were freed it is true, but found themselves economically dependent upon employers in an unjust society. Women won the vote, but had no more say in the way society was run than they had before. The lessons of the other ‘successful’ revolutions are no less salutary<sup>9</sup>. Being against something is not at all the same thing as being for something which has been thoroughly studied and understood. In other words ‘freedom’ can be illusory when it is merely freedom from oppression with no focus on realistic and comprehensible alternatives.

From time to time, indeed with increasing frequency, charismatic ‘leaders’ pop up with bright ideas for solving the economic problems of the world in one fell swoop. Each has their little day, but then fades away as people buckle down to working for money because there is no alternative to the business-as-usual economy. The problem with mini-gurus and their simplistic solutions is that they can be used to dismiss sound alternative thinking in economics. It is well said that if we do not study our history we are doomed to re-live our mistakes. The Alberta Experiment has been cited as an attempt to introduce flawed economic ideas which failed because the ideas were inherently unsound. The story of social credit’s origins in the economic philosophy of guild socialism, with an explanation of an easily understood but comprehensive body of economic thought can be found in *The Political Economy of Social Credit and Guild Socialism*, now available from us in paperback (see back page).

<sup>1</sup> Short pamphlet entitled Social Credit Principles available on request.

<sup>2</sup> See Frances Hutchinson and Brian Burkitt *The Political Economy of Social Credit and Guild Socialism*, Jon Carpenter 2005.

<sup>3</sup> Note that Douglas’ social credit economics split the UK guild socialists into two groups, the left of the emerging Labour party, who supported communism and self-interested class-war, and the social crediters.

<sup>4</sup> Quote from C.H. Douglas *The Alberta Experiment*.

<sup>5</sup> See, for example, Chapters 1 & 2 of *The Alberta Experiment*.

<sup>6</sup> *The Alberta Experiment* p97.

<sup>7</sup> See e.g. Christopher Houghton Budd *The Metamorphosis of Capitalism*.

<sup>8</sup> Note especially Douglas’ comments on pages 11-13 of *The Alberta Experiment*.

<sup>9</sup> Details of the histories of successive pyrrhic (gained at too great cost???) victories can be given on request. See also recent accounts of civil rights leaders living alongside the rest of the privileged ‘token’ black lawyers, doctors and other professionals.

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## **Enlightened Agriculture**

Colin Tudge

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Those who really care about the people who live in [poor countries like Angola and Rwanda] should surely be urging that they focus their farming primarily on feeding themselves. That way they will at least be well fed, whatever else happens in the world. They will also keep their own people in work; and they will not be dependent on hand-outs from the US or the UN. That is a good basis for going forward, or indeed for maintaining the status quo which, when left alone, is in many ways enviable.

To begin the new century as they are being invited to do with a denuded countryside, a debased and pointless agriculture geared to cash crops that are in world surplus, vast and swelling cities with no legitimate livelihood on offer - that is the real horror. But this is what globalized agriculture implies, and indeed is urging.

We have seen many offences against humanity this past century or so but none is greater than this.

In short, it makes sense on all levels - ecological, nutritional, gastronomic, financial, social and strategic - for almost all countries in the world to become self-reliant in food. Most are perfectly well able to do so.

‘Self-reliance’ means simply that each country should strive to produce all the basic foods that it needs, so that it could feed its own people in a crisis, notably in times of political or economic blockade. It stops short of total self-sufficiency, which implies that a country produces absolutely all its own food, including the kinds that it cannot easily grow at home in open fields.

Some countries could easily be self-sufficient. China and Australia, for

instance, contain all the climates needed to produce virtually anything anyone might want. Britain (or anywhere else) could be self-sufficient if we spent enough. We could easily grow all our own bananas, for instance, if we built big enough greenhouses. But many other countries grow bananas of many kinds much more easily than the British could do, and so it makes sense to buy them in. The point is, though, that we do not depend on them . . .

The principle of national self-reliance is simple, commonsensical and historically justified on strategic grounds in all countries that are amenable to analysis. It also fits perfectly with the biological need to make the best use of each country's landscape; with nutritional and gastronomic needs; with the social and economic need to maintain high employment; with the political and ethical desire for autonomy and self-determination; and the general desire for cultural diversity.

It is also, of course, totally at odds with present world policy, which is for globalization, industrialization with minimal employment, standardization and homogenization. I bet that the only people who really prefer the world to which this is leading are those who benefit directly from it: the politicians who consolidate their power; the big industrial companies who supply the required technologies; the scientists who work for them; the big farmers who remain; all the so-called 'experts' in fact.

This extract is taken from *SO SHALL WE REAP: what's gone wrong with the world's food – and how to fix it*

Colin Tudge, Penguin, 2003.

We are most grateful to Barbara Panvel for bringing it to our attention. 'Is there no high-profile organisation in the UK', she asks, 'dedicated to expressing this rebuttal'?

*Therefore the community, instead of collecting taxes, should pay dividends, so that we get the delightful and true anarchistic proposal that the community should issue credit to the consumer as such! The individual, in short, should draw an income for merely being a citizen.*  
-from *THE NEW AGE*, 27 May 1920, commenting on CH Douglas' *ECONOMIC DEMOCRACY*

*When you have ten million people voting you can be perfectly sure that nine million people are twenty-five years behind the times, and therefore common agreement is impossible....The public will never do anything; you, individually have got to do it.*

*C H Douglas*  
*Public speech at Aberdeen, April 28<sup>th</sup>, 1932, published in THE NEW AGE of October 11<sup>th</sup> 1934*

## Book Reviews

### *How to be Rich* *Hunt Emerson and Kevin Jackson*

The Ruskin Foundation, £1+p&p, pp24  
ISBN: 0-9550938-0-7

The story starts with the parable of the Vineyard in Matthew 20:1-14, which has both spiritual and economic implications. The economic significance of Christ's teaching in this parable was taken up by John Ruskin. In *Unto This Last* (1862). Ruskin developed the theme that the economic relationship between employer and employee should be one of justice, rather than personal advantage. The employer pays the same rate of wages because all have equal needs regardless of their abilities and opportunities. Ruskin observed the degradation of

labour and natural resources occurring with industrialisation. New factories in the new industrial towns of the 19<sup>th</sup> century were churning out 'illth' rather than wealth. *Unto This Last*, Ruskin's long essay on alternative economic philosophy, formed part of the guild socialist literature upon which social credit was based. Although the ideas remain as fresh today as when first published, the language and style of presentation is dated.

The Ruskin Comics team are to be roundly congratulated on their amazing feat of rendering down Ruskin's weighty thoughts, translating them into the modern idiom and presenting the result as a comic book of 24 pages. The first of a series, the booklet contains a wealth of discussion material under the full title of *How to be Rich or What, upon Obtaining Wealth, the Right-Thinking Person should do with Their Money in order to Sleep Soundly at Night*. No right-thinking person should be without a copy of this book.

Obtaining a copy could be slightly tricky, however, as bookshops do not normally stock such a small item. We can supply some individual copies (see back page). Alternatively, consult the Ruskin Foundation website, [www.ruskinforall.org.uk](http://www.ruskinforall.org.uk) Packs of 50 copies with teachers' notes are available for schools at a cost of £35 per pack.

Frances Hutchinson

### *Debt-free for life – Prosperity for the rest of us*

#### *Steven Erlick*

Coyote Workshops, Green Gables, Northgate, Castle Hill, Totnes, Devon TQ9 5NX  
June 2005 90pp £9.99

This little book is written by a man who has been through the experience of unmanageable debt, and is aimed at those many others who find

themselves hopelessly in debt.

It starts with a too-brief history of the development of the current worldwide debt-money system from its origins some 3000 years ago, making the point that this has been deliberately designed, by stealth and deceit, to benefit the money-creators at society's cost, and depends on widespread indebtedness to function; to this extent, it is not the fault of the debtors that they find themselves unable to cope.

The role of compound interest in making debts unmanageable, especially when the 'risky' debtors have the highest rates of interest imposed on their debts, gets a fair airing, noting also the positive feedback effect of changing rates of interest on the cycles of boom and slump.

The ways that debt is demanded when payment has become difficult or impossible get full treatment, with their deliberate psychological effects of fear and terror. Then follows a section suggesting ways of coping psychologically/metaphysically (which I found too long and of dubious value) before moving to practical ways to combat the demands of the debt-collectors/bailiffs.

Essential to each of these is a 'five-pack': five lists on paper, of income; regular commitments; assets; creditors; and finally a balance sheet to show a realistic 'net worth', or ability to pay.

Then the need is to assess one's real needs and determine to live within one's means, avoiding further indebtedness.

He concludes the book with a look to the future, with the cyclic effect on the 'economy' of the influence of debt-money and interest-rates which make a recession, or worse, now imminent.

This reinforces his advice: to get out of debt as soon as possible, and then to stay out of debt.

It is hard to see how the subtitle fits with the thesis, especially given the dependence of our 'economy' on ever-increasing levels of debt, which he

notes in his introductory chapter.

However, it is to be hoped that whoever is helped by the book to get out and stay out of debt will be encouraged to study the matter further, starting with the final short section of the book on 'Resources', which consists of a bibliography on Money, Legal, Psychic Protection, Philosophy and Politics, and Miscellaneous, followed by lists of organisations and websites.

Brian Leslie is editor of *Sustainable Economics*, newsletter of the Green Economy Working Group of the Green Party of England and Wales.

### ***Babylon and Beyond***

**Derek Wall**

Pluto Press 2005 £14.99

ISBN 07453 2390 1

After a promising Foreword, I found this book a disappointment. Its subtitle is *The Economics of Anti-Capitalist, Anti-Globalist and Radical Green Movements*, but it is, rather, a superficial survey of the field, with too many names and too superficial analysis of their ideas, and with little indication of the author's own till near the end. Plenty of illustration of the faults of capitalist globalisation, but while citing many small-scale opt-outs and experiments in alternative lifestyles, he offers no way forward to a socially just, sustainable global or even local system. He devotes 22 pages to 'Marxisms', indicating both that Marx held different, sometimes contradictory views at different stages, and that many of his followers held/hold still others – but with little analysis of them, or their relevance to present concerns.

He covers briefly the 'psychopathy' of Corporations, but does not offer any ideas to effect change. A point he reiterates is the distinction between 'use value' and 'exchange value', but he offers little by way of promoting or encouraging this distinction.

He argues for the importance of 'the commons', pointing out that, *contra* Garret Hardin, it is enclosure, privatisation, that gives rise to exploitation, while commons are generally valued, fairly shared and preserved by their commoners. The possibility of sharing of the value of the 'commons' – the land and all natural resources – by means of Land Value Tax and other resource and pollution taxes, redistributed in part as Citizens' Incomes and in part as spending on infrastructure and public services, gets no mention. He argues the merits of sharing; cooperation, not competition; open-source software; but regards markets, rather than Corporations, Limited Liability, stock- and currency-market gambling and debt-pressures, as the essence of capitalism.

My major criticism of the book is in its treatment of the issue of monetary reform, in its Chapter 5, titled 'Planet Earth Money Martyred: Social Credit and Monetary Reform'. Its fundamental failure is in ignoring the cause and effect of the remorseless growth of debt due to the present method of creation of money-in-circulation, as issued by banks together with matching amounts of interest-bearing debt. Throughout the chapter and the book the importance of monetary reform is downplayed.

The author implies that monetary reform advocates see it as a 'panacea', despite their argument that it is a 'key' issue, impacting on virtually all the other issue of concern to Greens, socialists and environmentalists. Douglas, for instance, argued for 'National Dividends' – Citizens' Incomes – as an essential requirement to remove the 'need' for 'economic growth' (way back in the 1920s!) and 'job creation', freeing people from the domination of employers to engage in whatever worthwhile pursuit they chose. He describes Douglas as 'utopian', and gratuitously smears him with accusations of anti-

semitism, also claiming that ‘the social credit movement ... split into various warring factions’.

While acknowledging that banks create money (which is even now sometime denied by some bankers and their apologists!), he fails to follow through the logic of this fact, remarking for instance that Arthur Kitson ‘claimed’ that ‘debt money ... was produced by self-enriching bankers’ – a self-evident point!

His superficial grasp of the nature of money is instanced by his description of LETS systems as ‘barter’, not as alternative money systems.

In claiming ‘Money is socially constructed and has no objective source of value other than collective sentiment’ he fails to recognise the importance for national money systems of their legal status, as valid for payment of taxes and discharge of debts – which gives their creators a dominant position in the control of events.<sup>1</sup>

Further, in claiming ‘Simply printing money does not create wealth as some monetary reformers seem to suggest. Money, even if it is made in a debt-free form, will fuel either growth or inflation’, he not only misrepresents the views of most reformers and fails to distinguish between ‘money’ and ‘an increase in the supply of money’, but ignores the possibility of replacing current ‘debt-money’ with an equal amount of ‘debt-free’ money – and the potential effects of doing just that! Claiming that ‘money’ ‘has long been a source of destruction’, he continues to describe the faults of ‘a money-based economy’, ignoring the need, in a complex society, for money, but also the need to end its position of dominance, e.g. by the issuing of Citizens Incomes, as well as making creation of national money a function of the government on behalf of its population, instead of a matter of private wealth, manipulation and power.

In the following chapter, discussing Marxism, he writes that ‘it might be said that capitalism demands, unlike a

bicycle, that we peddle faster and faster for ever’, but he fails to see the cause, as well as the cause of its instability, in the interest-bearing debt-money system.

He sees ‘the growth of vast capital markets producing credit’ as ‘allowing consumption to expand’, apparently unaware that these markets are gambling, not productive, and are extracting wealth from ordinary producers and consumers, leading to the growing divide of extreme wealth and poverty; though he does recognise that ‘debt creation leads to new problems’ – but does not recognise that prime among those problems is the mathematically provable ‘need for growth’ to avoid collapse of the system – or for reform of the financial system driving it.

Nowhere does he recognise the development of ‘planned obsolescence’, dreamed up by American economists during the Second World War and applied after it to avoid the abundance which would otherwise quickly arrive and destroy finance-capitalism, given the expansion of productive capacity during that war. As well as this policy being obscenely wasteful and polluting, an important part of it was and continues to be the growth of the armaments industry, paid for by growing national debts. Derek dismisses ‘conspiracy theorists’, and in doing so chooses to ignore the increasingly blatant manipulation of governments by the ‘military-industrial complex’ that Eisenhower so prophetically warned the world against. (He should have added ‘financial-’.)

The growth of the Global Justice movement, and of the individual and small group efforts to opt-out, are to be applauded, and recent developments in South America, defying US/corporate power, give hope for the future; but again and again in Derek’s analysis, I find it valid as far as it goes, but always missing that essential link to the

debt-financial system, or actually dismissing it.

Brian Leslie

1. See for example *The Lost Science of Money: The Mythology of Money – the Story of Power*, by Stephen Zarlenga. American Monetary Institute, 2002 ISBN 1-930748-03-5

***A Human Response to Globalisation***

**Marc Desaules**

New Economy Publications pb £6.50  
ISBN: 0 948 229 047

***The Metamorphosis of Capitalism***

**Christopher Houghton Budd**

New Economy Publications pb £6.50  
ISBN: 0 948 229 055

The trouble with economics is that, thinking we already know what it is, we often choose not to go there. Professional economists themselves are largely responsible; the highly abstract language with which their domain has been ring-fenced, designates a protected area whose assumptions must be tacitly accepted before one is given entry. It is therefore a refreshing change to discover an economics that is built on its own logic, a logic which is able both to examine the erroneous thinking that lies at the root of the many and various anti-social outcomes of the prevailing economic order, and which can also find a practical foundation in thinking that starts with the human being.

The appearance of global economy has confronted humanity with fundamental questions. A schism has opened up between those on the one hand who assign a primary organisational role to the market and those on the other who think that the state should act as economic caretaker. Is this really how the ground lies? Marc Desaules, a Swiss financial entrepreneur, and Dr. Christopher Houghton Budd, a British economic historian, think not. With the release last year of the Associative Economics Institute’s first publications, *A Human*

*Response to Globalisation and The Metamorphosis of Capitalism*, a new perspective is brought forward. Subtitled *Discovering Associative Economics* and *Realising Associative Economics* respectively, the case is put that neither the market nor the state but the individual human being is the source of economics and therefore only an economics that makes reference to the human being as the central fact of economic life can in any sense be realistic. It is not the authors' intention merely to engage the readers in worthy sentiments but actually to show right down into the details of corporate structure and accounting practice that the human being is and must be recognised as the basis for a sound economics. By considering where humanity now stands in its economic journey and what perspectives lie open to the individual trying to make sense of it all, these two companion volumes offer the reader a diverse introduction to associative economics.

Marc Desaulles, in describing humanity's current predicament, attributes it largely to an economics which has adopted a wrong starting point and then taken a wrong turn; for example, by considering the economy as a mechanism, invoking the creed of the market and then imposing competition as a moral and legal requirement. He carefully examines what lies behind current terminology and assesses to what extent it is accurate or appropriate. In laying out his own methodology he adopts the view that one must go from 'pathogenesis to salutogenesis' which is to say that one can better appreciate what it means to be healthy by studying health than by studying disease.

To this end he gives an analytic and precise overview of the theory of associative economics, which concludes with a description of an internationally registered quality guarantee mark for those who want to

bring these ideas into practice by doing business associatively. In the process, he considers the history of humanity's evolution in terms of monetary development and the origin of legal incorporation. He gives the picture of a rightly conceived economic life corresponding appropriately to the human organism and he shows that in 'globalisation' one can discover a characteristic phenomenon of the age which requires understanding above criticism. Most crucially he describes the necessary role for accounting as an instrument for economic consciousness. Akin to the brain in the human organism, it offers a picture not of past events only, but vitally, when we use budgeting to make our intentions real, of a more humane future also. In this way, human will forces become conscious and coherent.

In *The Metamorphosis of Capitalism*, Christopher Houghton Budd asks if 'market economics' is the conclusion of economic history or if it is not merely a staging post along the way. Indeed, if one were to ask 'What will come next?' then the question must arise as to whether the logic of natural law determines economics or whether it is an entirely human science. Does economics happen to humanity or is it something that humanity itself engenders? Dr. Houghton Budd shows that only by undertaking a conscious metamorphosis of our current way of thinking can we move beyond market economics. Then a new economics can be conceived, which reflects human priorities rather than simply giving expression to instinctive behaviour. Covering some of the same areas as Marc Desaulles but from a different angle, he explores how imagery is used, for good or ill, by the invisible science of economics and how this can bring humanity to an inner threshold that must be consciously traversed if a real outcome is to be the result. So for example, such a revelatory economics

would render visible the mythical invisible hand; it would also need to employ a differentiated concept of money, which would allow macro and micro-economics to be brought into correspondence. He places a special emphasis on the meaning of 'accounting and accountability' and the possibility for an international financial architecture beyond gold. Much emphasis is laid on the need to take up individual responsibility and in this context he considers Anglo-Saxon pragmatism, taking the view that the time has come for English-speaking people to face up to their instrumental role, both historical and present, in formulating the mode of economics that is at work in today's world. This, he hopes, will lead to a 'thorough-going rethink of the nature and purpose of economic life'.

Perhaps the practical focus of these books is best exemplified by the note on which each author ends. Marc Desaulles, in his conclusion 'Over to me', looks at the tasks that belong to each of us as consumer, lender/investor, and entrepreneur. It is in this last one that there is most to be achieved; going the associative path means making the commitment to share the journey with others, transparently and responsively. Christopher Houghton Budd calls his last chapter 'The World in our Deeds' and shows that if we could make a truer connection between the economy at large and our individual circumstances, we would discover that economics is hologrammatic and individually we can indeed write our intentions large even in the smallest deeds.

Arthur Edwards is the editor of *Talking Economics Monthly*, a journal that brings an associative perspective to economic events ([www.talkingeconomics.com](http://www.talkingeconomics.com)) More information on associative economics and book purchasing details can be found on the *Centre for Associative Economics* website [www.cfae.biz](http://www.cfae.biz). A course introducing associative economics and led by Dr. Houghton Budd begins in London in October 2005, see [www.talkingeconomics.co.uk](http://www.talkingeconomics.co.uk) for details.

***The Truth about Zionism and Israel*****Michael Prior (ed.)**

Melisende 2004 £12.95

ISBN: 1 90 176 4265

This collection of essays, without apology or compromise, argues the cases against the idea of Zionism and against the actual conduct of the Israeli state. The professed aim of its authors is to shift public opinion, especially in the United States, away from support for Israel and towards recognition of the past and present injustices committed against the Palestinians, in the hope of securing for them both a viable political future and fair compensation.

The editor, Michael Prior, a Vincentian priest who tragically died in an accident last year, was a distinguished Biblical scholar who had studied at the École Biblique in Jerusalem and taught for many years at St Mary's Strawberry Hill in London. His previous books on the question of the Holy Land include *The Bible and Colonialism: A Moral Critique* (1988). He sets the tone of this volume with an initial essay which first summarises the 'canonical Zionist narrative' in its secular and in its religious forms, then criticises these from the perspective of history and of Biblical interpretation. In short, even Israeli historians now acknowledge the brutally violent expulsion in 1948 of 80% of the Arabs from the future state of Israel, and the accompanying destruction of over 400 Arab villages; furthermore, there are compelling historical and moral reasons for resisting the use of the Biblical narrative of the settling of Canaan to justify the modern appropriation of Palestine by a Jewish state - or indeed any comparable political venture.

Prior's historical case is powerfully reinforced by the Israeli historian Ilan Pappé, who examines in detail those events of 1948, which the Palestinians call the 'nakba' or

'catastrophe'. He also examines the equally deliberate obliteration of these from Israeli collective memory: mention of it has, for example, been systematically removed from all schoolbooks. Israelis needed both to ensure that there was a clear majority of Jews in the new democracy, and at the same time to believe that the new state was morally pure. Even now those Zionist historians who have begun to admit the facts see them less as shameful than as a necessary expedient, and even one which suggests that a more complete 'population transfer' is the best solution to an intractable political problem.

The Arabs who were driven from their homes in 1948 have not been allowed to return; since 1967 even that part of the British Protectorate of Palestine that had been intended for Arabs has been occupied and tightly controlled by Israel, in clear breach of international law. In my experience, more educated members of the British public tend to be broadly aware of such facts, and to sympathise with the Arabs. A couple of essays, by Stephen Sizer and Peter Miano, emphasise how different is the situation in the United States. Not only do large numbers of Evangelical Christians espouse a Christian Zionism that claims Biblical support for seeing the state of Israel as part of God's redemptive plan, but even the liberal mainstream takes for granted that the establishment of a Jewish state in its present location as the potential home of any Jew in the world was a moral and political imperative, as is continued financial and political support for that state.

The curiousness of this is striking. Even if it is true that all self-identified Jews are genetic descendants of those who lived in Israel 2000 years ago, does it follow that they have a 'right of return'? If another genetic grouping were to make a parallel claim, it would seem to most people pretty mystifying.

Other essays in the book aim less to inform the reader than to shift his or her perspective. Jean Zaru does this through an autobiographical description of the hardship and oppression she has experienced as an Arab Christian woman living in Ramallah. Paul Eisner, in a sharp piece entitled *Speaking the Truth to Jews*, challenges fellow-Jews to think more honestly about, for example, whether the 'occupation' of 1967 has really been intended to be temporary, or whether the Jewish experience of suffering has really been so unlike that of millions of other human beings.

This is a stirring set of essays, which will find sympathetic readers in Britain. In order to persuade those not yet convinced, it could have done with more documentation and analysis of certain key claims. For example, what is the evidence for the continuity of lineage between ancient and modern Jews, and exactly why, in any case, is this significant? How fair or illuminating are comparisons between the founding of the state of Israel and imperial colonisation? And finally, in what alternative ways might it have been possible to ensure that the Jews of Europe could feel permanently safe from the persecution that marred the Christian history of our continent long before the still more terrible cruelties of Third Reich?

This volume aims to tell 'the truth' about Israel and Zionism. It does indeed succeed in exposing one important and often neglected strand of the story. Yet there are a thousand strands to the complex and tragic web that makes up the whole truth about the modern state of Israel. Those of us who are trying to understand this issue better can make a valuable start with this book, but we will still have a long way to travel.

Margaret Atkins is a Senior Research Fellow of Blackfriars, Oxford and a member of the Augustinian community at Boarbank Hall in Cumbria.

# Recommended Reading

What has happened is that most people in our country, and apparently most people in the “developed” world, have given proxies to the corporations to produce and provide all of their food, clothing, and shelter. Moreover, they are rapidly giving proxies to corporations or governments to provide entertainment, education, child care, care of the sick and the elderly, and many other kinds of “service” that once were carried on informally and inexpensively by individuals or households or communities. Our major economic practice, in short, is to delegate the practice to others.

The danger now is that those who are concerned will believe that the solution to the “environmental crisis” can be merely political - that the problems, being large, can be solved by large solutions generated by a few people to whom we will give our proxies to police the economic proxies that we have already given. The danger, in other words, is that people will think they have made a sufficient change if they have altered their “values,” or had a “change of heart,” or experienced a “spiritual awakening,” and that such a change in passive consumers will cause appropriate changes in the public experts, politicians, and corporate executives to whom they have granted their political and economic proxies.

The trouble with this is that a proper concern for nature and our use of nature must be practiced not by our proxy-holders, but by ourselves.

Wendell Berry taken from his book of essays *In the Presence of Fear* 2003

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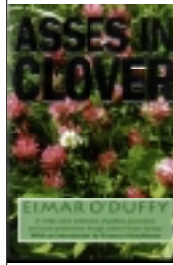
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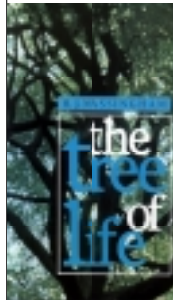
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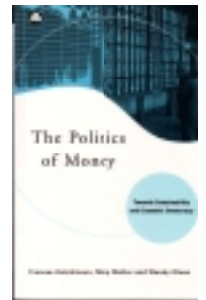
**Alan D Armstrong**  
*To Restrain the Red Horse*  
(Towerhouse £7.00)

**Frances Hutchinson & Brian Burkitt**  
*The Political Economy of Social Credit And Guild Socialism*  
(Jon Carpenter £12.99)



**Frances Hutchinson**  
*Social Credit? Some Questions Answered*  
(KRP £5.00)

**Frances Hutchinson, Mary Mellor & Wendy Olsen**  
*The Politics of Money: Towards Sustainability & Economic Democracy*  
(Pluto £16.99)



**Frances Hutchinson**  
*What Everybody really wants to know about Money*  
(Jon Carpenter £12.00)



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