

The SOCIAL CREDITER

THE JOURNAL OF THE SOCIAL CREDIT SECRETARIAT

For Economic Democracy

Quarterly Volume 88 No. 3 Autumn 2012

In this issue:

Part 1. Introduction to Home Economics Study Guide	Frances Hutchinson	57
Part 2. Church and Society in Medieval England	Frances Hutchinson	59
Part 3. The Protestant Reformation in England	Frances Hutchinson	63
Part 4. From Local Economy to World Financial Economy	Frances Hutchinson	68
Part 5. New Home Economics	Frances Hutchinson	73

Editorial

When 'political science' was in its infancy, and neoclassical economic theory was yet to be invented, William Cobbett travelled across England and America, where he cast his shrewd eye upon all he saw. His journalistic commentary on the relationship between the real economy and finance remains unsurpassed to the present day. This issue of *The Social Crediter* takes the form

of a Study Guide to Economic History, which is based largely upon Cobbett's *A History of the Protestant Reformation in England and Ireland* (1824). The *Home Economic Study Guide* traces the origins of a political system designed to protect in law the vested interests of the banking and commercial fraternity.

Part 1. Introduction to Home Economics

Frances Hutchinson

During the twentieth century, powerful vested interests have ensured that for the mass of the people education has been very largely reduced to the technical skills training necessary to keep the military-industrial show on the road. The financial system determines all public policy formation. And that policy is designed to fit people into the centrally-controlled institutions of government and bureaucracy which serve the global corporate system. Consequently, the entire social order - the cultural, political, economic and educational institutions - are constrained by a financial system that is beyond comprehension or control.

Where finance dictates social policy, the needs

of the earth and its people are ignored. Beauty, harmony and wholesome living evaporate into thin air. Inevitably, as night follows day, wars, poverty, disease and degradation abound. Humanity now faces the difficult transition from a society mastered by the demands of the Machine Age, to a society governed by human beings in tune with their earthly surroundings and aware of their cultural heritage. For that transition to take place, it is essential to break the cycle of feeding children into the workaday world, and spewing them out as retired, redundant or sick.

Where did the Financial Economy come from?
The financial economy appears to be so natural a

feature of modern society that it is simply taken for granted. It is difficult to imagine life without it. Yet *total* dependence on a money income - on a wage, salary, pension or dividend - as a means to acquiring the means of subsistence, is of very recent origin indeed. The financial economy is underpinned by - and completely dependent upon - the ongoing presence of the real economy.

The term 'economics' is derived from the Greek word '*oikonomia*', meaning the management of a household as a whole, so as to increase its value to all members of the household over the long run. Thus the term 'economy' can be expanded to include the larger community of the land, of shared values, resources, biomes, institutions, language and history. All real wealth - material and cultural- depends upon the existence of a real economy which is rooted in the land and the cultural institutions of humanity. The financial economy exists outside, above and beyond the real economy, to which it bears no *necessary* relationship whatsoever.

Money has existed since ancient times. When individuals started to trade material goods they were concerned solely with the manipulation of property and wealth so as to maximize the short-term monetary exchange value to the individual. Personal gain was their sole motivation. A *financial* political economy has always been, and must always remain, parasitic upon the real economy of the household and the natural world. The tragedy of modern times arises from the failure to distinguish between the *real* economy, upon which humanity remains utterly dependent, and the *financial* economy which is ruled by naked self-interest.

In this study we take the founding of the Bank of England in 1694 as the birth-date of the global financial economy. Since that date, the financial economy has developed to such a degree of sophistication that it can be understood in its entirety by very few individuals. It is, however, becoming patently clear that finance is strangling the ability of humanity to survive on its home planet, the earth.

For a financial system capable of making money out of money to come into existence, two preconditions were necessary. Firstly, the ages old condemnation of the practice of usury,

i.e., the making of money out of money, had to be eliminated. And secondly, the rights to subsistence directly from the land, from the village fields and commons, had to be removed. Once finance became the dominant motivation for all forms of human activity and social interaction, Rational Economic Man, the hero of the economics textbook, became the sole actor or agent within the economy. During the modern era, the waged (or salaried) worker became the norm: what's in it for me became the dominant motivation for all social interaction. Crucially, "If a job's worth doing, its worth being paid to do it" became the decisive determinant of social policy formation.

The Story of Jesus of Nazareth

The New Testament tells the story of the life, death and resurrection of Jesus. It recounts his social and spiritual teachings within the Jewish culture, and the subsequent founding of the Christian Church by Jews and gentiles alike. Although the majority of the Jewish people (Hebrews) were settled farmers, a number were urban-dwelling merchants living in trading towns throughout the Mediterranean area. Wherever they settled they set up synagogues, to maintain not only the Jewish religion but also the cultural, moral and legal practices which flowed from their religion.

As the birth stories tell, Jesus of Nazareth had a kingly aspect to His nature. His social teachings also depict what could be called the womanly or caring side of humanity. Jesus taught through the parables of the Good Shepherd, the Sower of the Seed, the welcome home for the Prodigal Son, likening himself to a mother hen, nestling chicks under the wing. Yet he faced physical violence, torture and death with the dignity of a king. The followers of Christ were both warriors and farmers, displaying both the masculine and the feminine sides of human nature. In the modern era 'warrior' and 'farmer' would seem to denote exclusively male roles. In the case of warrior, this may well be true, since women who join the ranks of soldiers have had to adopt 'male' characteristics, as was seen, *e.g.*, in Joan of Arc. Traditionally, however, farming has entailed a close partnership between the men and women, both in the household and on the land, with neither sexual stereotype predominating. The

roots of the modern predicament can be traced to the neglect of the feminine side of human nature, both in the social teachings of the Church itself and in the secular laws of the modern age.

The Christian Church

The establishment of Christianity as the official religion of the Roman Empire had many and far-reaching implications for the development of humanity, both spiritual and temporal. With the endorsement of the legal authority of the temporal state, it was possible to collect and collate the sacred teachings into the books of the Bible as we know it. During the fourth century the mass of writings in Aramaic and Hebrew were sifted by the Church authorities and translated into Greek. For a thousand years these writings, and the writings of saintly authorities, were all transcribed by hand: they could be found in churches, libraries and monasteries throughout the length and breadth of every European country. The Church retained its autonomy, and did not

become subject to the temporal authority of the Roman State. However, the Church adopted a centralized, pyramidal structure for the authorisation of its teachings. The Pope, successor to St Peter, assumed the position of head of the church, just as the Emperor was head of the military might of Empire. Although Christianity can be *opposed* by military force, by its very nature it cannot be *imposed* by violent means. The Christian message was carried peacefully to local communities by teachers and missionaries, using the authority of the spoken word rather than the force of military might.

The social teachings of Christianity had a profound influence over the evolution of the social institutions of medieval England. The original home of the English speaking peoples and cradle of the Industrial Revolution, England was, during the Middle Ages, a ‘Christian’ country, in which the teachings of Christianity could be taken for granted.

Part 2. Church and Society in Medieval England

Frances Hutchinson

Historians present the history of modern times, from the Reformation to the present day, as one of undiluted progress from medieval ignorance, superstition and grinding poverty to the glories of a technological post-industrial era. Nevertheless, recent revisionist studies of the period¹ now provide solid evidence that there is a great deal more to be learned from the England of the distant past than the champions of the modern era would have us believe. The new approach to the social history of the period is to delve into local records, revealing the stories overlooked by tenured academic professionals in the pay of the corporate power-élite.

As the Middle Ages ended, and Modern Times began, the English countryside was covered with a patchwork of village communities. Clustered around the church and the manor, the cottages and common fields were surrounded by open ‘wastes’ and forests. The lands of each ‘parish’ were managed according to established codes of practice which had evolved, century after century, as Christianity spread peacefully across England and the rest of the Western Isles. The village economy met the needs of all, dire poverty

being noticeable by its absence. Monasteries and towns, with their abbeys and cathedrals, provided evidence of a settled civilization where culture and learning thrived.

And Did Those Feet?

When William Blake (1757-1827) raised the question – “and did the holy lamb of God walk upon England’s mountains green?” he was referring to the popular belief that Joseph of Arimethea brought the boy Jesus to England. However improbable the story itself may be, Christianity came very early to England, and it has played a central role in the shaping of English culture over the whole of the past two thousand years. Like Wordsworth, Milton and many others, Blake recognised something unique about the English culture and landscape of former days, something that had been lost, but was nevertheless worth fighting for in the future. The Christian ethic was, and remains, central to that battle.

Christianity was brought to these islands by a number of individuals during the first millennium. The earliest Christian martyr, St. Alban, was

of the Celtic tradition which pre-dated the adoption of Christianity as the official religion of the Roman Empireⁱⁱ. Where churches and monasteries were established, land had to be requested from the local secular rulers so that a Christian community could be formed and sustained. Over the period of one thousand years that is called the 'Middle Ages' (roughly 5th to 15th centuries) a patchwork of settled communities covered the English countryside. The Christian Church was so central to the culture and livelihood of those communities that, for communities like Morebath on the eve of the Reformation, "no rigid distinction was drawn between the community at prayer, and the community as it went about its business"ⁱⁱⁱ. Like Jewish culture throughout the history of those wandering people, religion and social norms were inextricably intertwined.

Christian communities at that time took on two forms, the parish and the monastery. Throughout the Middle Ages, the parish church was the focal point of local village affairs. Churches were founded when a local squire or lord of the manor applied for a priest to be sent for, so that a 'parish' or priest-ship could be founded. That necessitated the building of a church and a house for the priest, and the granting of land to the parish church. Once the land was granted and the priest installed, nobody, not even the squire himself, could reclaim the land or dismiss the priest. The village Church, its priest and its possessions were sacrosanct. Together, they formed the central resource of the village community.

The term 'monastery' is used here to denote all forms of Christian community entered by individuals taking vows of poverty, chastity and obedience. That is, members of a monastic order such as a priory, convent or monastery, took solemn oaths to renounce all personal claims to wealth, to remain celibate, and to accept the rules of the community – for the rest of their life. Through this system, lands granted to a religious order were given to the Church, and remained the property of the order for the remainder of its lifespan. They were not the property of individual members of the order, and could not legally be sold or given away. They could only be stolen by individuals who were not a part of the community and who took them by force, as happened during

the Viking invasions and during the Protestant Reformation. When lands were given to the monasteries they were often already occupied by villagers who held inalienable rights to livelihood from the land. These peasant farmers continued to farm according to traditional practices, giving produce to the monasteries through a system of tithes. The monasteries were centres of prayer, learning and culture, where Mass was said and sung, and an order of the day was followed. They provided services to the local communities, offering schooling for all children who sought learning, hospitality to travellers and care of the destitute.

Wessex and Alfred the Great (849-899)

Once adopted as the official religion, Christianity spread throughout the lands of the Roman Empire. By its very nature, however, Christian teaching cannot be imposed by force. As the power of Rome disintegrated, the military forces of Empire disappeared from the land. Tribal warfare re-appeared, so that such learning, culture and architecture as had been introduced under Roman rule disappeared from much of England. Slowly at first, from the fourth century onwards, individual war lords endowed religious houses. These were centres of learning, where scribes made copies of the Bible and texts derived from learned authorities.

When subsequent Viking invasions laid waste the lands of the North, Wessex was one of the kingdoms of England coming under threat. However, as King Alfred of Wessex (849-99) observed, the destruction of England had begun well before this wave of Viking attacks:

"I remember how I saw it before it was all ravaged and burned – how the churches stood around all England, filled with treasures and books and a great company of God's servants, and how little they felt the profit of the books for they could not understand them. As if the books said, our elders who held these places before us loved wisdom and through it they got wealth and left it to us. Here we may see their traces, but we cannot follow after them, and so have lost the wealth and the wisdom because we were not willing to bend our minds to the pursuit of learning." (Quoted in *Share the Inheritance*, Catherine Glass and David Abbott, p23).

King Alfred the scholar was also a warrior, prepared to lead his volunteer army of farmer-warriors to eventual and final victory against the

marauding Vikings. In doing so he sought more than the usual victory in battle and enjoyment of the spoils of war. His vision was of a civilization where the love of wisdom and the pursuit of learning could flourish. Over the following centuries 'might is right' increasingly gave way to the English system of Common Law rooted in the teachings of Christianity. Belief in a system of constitutional rights belonging to all citizens, as first established by Alfred, was built upon by Magna Carta (1215). Such notions are based upon the fundamental tenet of Christian teaching, which determines that all are equal before God and under the law of the land. Since governments rightly derive their powers from the consent of the people, the rule of law cannot be justly imposed from above. It follows that whenever any government becomes destructive of the rights and liberties of the people, it is right and just for the people to change or abolish that government. But if the will of the people is to preserve justice and fair play, widespread ignorance and superstition, secular or cultish, must be dispelled. King Alfred was a significant figure in the wider movement which laid the foundations of medieval English society.

Village Economy

Official histories of England have told the tale of wars and intrigues as successive rulers battled for supremacy. They have very little to say about the peaceful cultivation of the land through the growth of the English village economy. But there is very little point in fighting just for the sake of being 'top-dog' over an empty wasteland. After the fighting, one needs to return to a domestic hearth with food on the table, and a reliable food source on tap. Inevitably, as human societies adapted from hunter-gatherer tribes to settled farming, it tended to be the women who organised the essentials of community provisioning. To this day, indigenous agriculture the world over provides a wealth of workable alternatives to private landholdings. Each society offers evidence of having developed customary land tenure practices based upon family holdings of individual plots, within a complex system of community farming. Revisionist histories of England in the Middle Ages can provide further examples. Combined with the culture of Christianity, the English village or 'cottage' economy was a unique blend

of culture and agriculture. Over modern times, the three-field medieval system of agriculture has been dismissed as hopelessly archaic by advocates of commercial mono-cultural practices. Nevertheless, ample resources lie waiting to be tapped, so that a long-overdue reassessment of patterns of community-based agriculture can emerge.

The Medieval Parish

Throughout the Middle Ages, as kings came and went, monasteries were established and urban settlements increasingly became centres of trade and material prosperity. But it is the English village economy that presents the most intriguing and much lamented social phenomenon.

No matter how technically sophisticated a society becomes, or how divorced from all consciousness of the land, food must be derived from the resources of the natural world. And that entails working on the land, being familiar with the workings of nature. As the seasons change, plants grow, livestock is reared and the fertility of the land is maintained. Until the onset of modern times, most people farmed, or were in direct contact with farming communities working on the land. Rights of access to the land for the people who worked on the land were considered inalienable. The wholesale migration of whole peoples from the land into vast, ecologically unsustainable urban centres was as unforeseeable as it was involuntary.

The medieval parish formed a system of local government based upon common sense and common law. There were no absentee landlords raking off financial profits from the work of others. There was no usury, no making of money out of money. Finance capital was not invested in the means of production from desire to derive personal, private *financial* gain from the common resources of the community. Local labour produced locally needed goods, using local skills, knowledge and physical resources. The commodities so produced were distributed according to established customs which balanced rights with obligations. There was enough for everyone's needs. Though material standards were perhaps low in comparison with twenty-first century England, the cultural, social and spiritual life of the community was rich and varied, and a spirit of learning could flourish.

The parish was the local economy, the local government and the local cultural system all rolled into one. The whole acreage of the church, manor and village, and the surrounding fields, woods and commons came under its auspices, and it was communally managed according to the rhythms of life. The birth, marriage and death of each member of the parish was noted and respected by appropriate ceremony. The cycle of the day was marked in the church by matins, the midday angelus and evensong. Mass was celebrated in style on Sundays and saints' days, which were marked as holidays or 'holy days'. During the normal week quieter masses were said on a daily basis. The changing seasons, evident in the fields and lands of the parish, were marked with liturgical variation and celebration; Easter, Midsummer, harvest, Christmas were recognised as times of celebration. Processions through village and countryside marked the unity of the people more powerfully than any modern protest demonstration. Parish guilds organised the provision and maintenance of the church and its contents, whilst the manor provided arbitration for settlement of disputes. There were no paid lawyers. Small wonder that the changes started in the days of Henry VIII were resisted by the people of the parishes, and had to be introduced through measures of unprecedented physical violence made possible through recruitment of mercenaries.

English Political Economy in 1534

In the late Middle Ages a single belief system united the people in a sense for community. The institutional framework consisted of the Village, the Church, the 'Castle' and the Guilds. Resources came from the land, and from the people who worked directly on the land. Defence of the realm and the peace was organised by the local lord or knight whose lifestyle set him somewhat apart. Since the entire framework of spiritual beliefs, arts, learning and right judgement of duties and obligations was derived from the Church, the whole parish formed a web of cultural unity based on the common sense of the common people. Although single individuals may have spent all or part of their adult lives in religious or military associations, they all grew up in the village as part of a family where male and female tasks, roles and duties were mutually respected.

The Church: As Christianity spread peacefully across the land, monasteries and churches were endowed with lands donated to the Church in perpetuity. The religious houses were centres of learning and culture, the sole requirement for entry being love of learning in a child^{iv}. The priesthood, too, was open to all men. Entry to the Church as monk, friar, nun or priest demanded a vow of celibacy. That rule made social, legal and economic sense. As the individual renounced all claim to worldly power, possessions and status they entered into the full service of God and community. Although the religious communities often farmed the land, they did not have families requiring provisioning from the land. They had no personal stake in the resources of the monastery, so the community remained intact on their deaths. Furthermore, from the resources available to them they were able to provide a variety of services to the world at large. They were devoted to prayer, the development of culture, to music, the arts, hospitality and charity, able to offer refuge to the poor when displaced from home villages by prolonged military or domestic service.

The Guilds: By the late Middle Ages craft guilds were a familiar feature of the small but growing towns. Guilds came into existence as the means to build the local church, and to supply it with the vessels, vestments, books and icons necessary for the cultural life of the community. The arts of architecture, ornamentation and craftsmanship were developed through the different guilds, which passed on their expertise from generation to generation. As abbeys, monasteries and cathedrals were built, they provided for the cultural needs of the people as a whole, not just for private individuals. However, as guilds specialised in the various crafts, production for trade and exchange became part of the pattern of the emerging urban way of life.

The Church in England in 1534

At the Synod of Whitby in 644, long before the country was united under one secular ruler, the Church in England chose to follow the calendar and monastic rules of Rome, rather than those of the Celtic tradition of Iona. However, this was agreed by peaceful discussion, since the Pope was by no means a foreign ruler able to enforce doctrine by military force. He could be chosen from any nation, and, on at least one occasion,

had been an Englishman. Secular rulers like Alfred the Great brought a love of learning and scholarship to the people of England. As Cobbett observed, the abbey and monastic lands covered a great part of the landscape.

On the accession of Henry VIII the English village based upon the central feature of the parish church, was in evidence across the length and breadth of the land. The unique combination of the culture of Christianity, with the socio-economic customs of the Commons, and with the constitutional concept of Common Law, gave the English-speaking people their distinctive characteristics. The Reformation

broke ages-old rights of access to the land and the natural world. Followed by the Agrarian and Industrial Revolutions, it paved the way for the cultural, political and economic institutions of a world economy governed exclusively by the androcentric laws of finance. The powers-that-be of the modern world have put a great deal of effort into educating rational self-interested economic man in the belief that village life in medieval England was nasty, brutish and short. It now remains to revise a misleading view of history, so that a sane, commonsense approach to the social order of the future might perhaps emerge.

ⁱ e.g., Eamon Duffy *The Stripping of the Altars*, (1992) Yale UP and *The Voices of Morebath*, 2001.

ⁱⁱ See Bede *Ecclesiastical History of the English People*, (731) Penguin edition 1990, p51-4.

ⁱⁱⁱ Eamon Duffy *The Voices of Morebath: Reformation and Rebellion in an English Village*, Yale UP, 2001, p5

^{iv} See Bede (731).

Part 3. The Protestant Reformation in England

Frances Hutchinson

The Protestant Reformation started with Henry VIII's break with Rome in 1534, through which the Church and the State became a single entity, cemented by the forces of law and order. It ended with the founding of the Bank of England in 1694, the precursor to the establishment of international finance and the wages system. In their entirety, the changes wrought over the course of those 160 years transformed the constitutional framework of English society out of all recognition. The following brief review of the history of those years is largely based upon William Cobbett's *A History of the Protestant Reformation in England and Ireland*. First published in the 1820s, and reprinted by a Catholic press, the work provides a valuable resource for understanding how the world banking and military/industrial complex evolved. It would be a grave mistake to dismiss this valuable historical document as mere nostalgia for a bygone age, or an attempt to put the Protestant genie back in the bottle. Cobbett was, after all, a Protestant.

Unlike his contemporaries, however, Cobbett did not have unbounded faith in the spirit of capitalism and the Protestant ethic of wage slavery. The following elementary survey of

the period (1534-1694) is designed to set the key socio-economic institutions of the twenty-first century in their historical context. The historical period covered here – the time of the Tudors, Stuarts and Cromwell's Civil War – has provided ample material for histories, biographies, documentaries and historical novels. Hence detailed personal descriptions of the main protagonists have been kept to the barest minimum.

Henry VIII

When Henry VIII acceded to the throne of England on the death of his father, Henry VII, there were already 'protestant' Christians who challenged the supreme authority of the Pope over all liturgical and doctrinal matters. The English people were united by a sense for community, acquired through the learning, liturgy and teachings of the one universal or 'Catholic' Church. Baptised and married in that Church, Henry VIII had attacked Protestantism so forcefully that the Pope had awarded him the title of 'Defender of the Faith', a title held to this day by the reigning monarch in England. However, wishing to secure a legitimate male heir to his throne, Henry VIII decided to remarry. So long as his lawful wife lived he could not remarry. Since

the status of his marriage was a matter for the Church to decide he applied to Rome to declare his existing marriage invalid. When the Pope refused, Henry VIII took unilateral action. In 1534, he declared himself to be Supreme Head of the Church of England as well as Head of State as reigning monarch. By this Act, a challenge to the Head of the Church of England became treason, a capital offence.

By the early sixteenth century, social change was already in evidence. In his fictional work *Utopia* (1516), Thomas More had written of the injustice of the public hanging of vagabonds in their dozens for the crime of theft, when dire necessity drove them to steal. More put forward the common sense suggestion that vagabonds risked death by stealing out of dire necessity, *i.e.*, because they had nothing to eat. And the reason for that was that they had been displaced from their home villages, and hence from the land upon which their families had traditionally lived and farmed. The enclosure of village land, and the closure of the monasteries which followed from Henry VIII's decision to break with Rome, led to a vast increase in the numbers of landless people in England.

In order to build support for his bid to secure the succession, Henry VIII took the vast acres of monastic lands in England and delivered them into the hands of powerful figures who were prepared to endorse his position as Head of the Church in England. The Dissolution of the monasteries was achieved by force, as the State used violence against holy, peace-loving and cultured communities who had been entrusted with lands and sacred possessions in perpetuity. As the lands of the monasteries were privatised, the numbers of landless, and hence destitute, vagabonds were vastly increased.

Powerful and respected figures such as Cardinal John Fisher and Chancellor Thomas More, who refused to accept the unity of Church and State, were barbarically hung, drawn and quartered in public on the authority of Henry VIII. Literally tens of thousands of people would be condemned to such violent deaths, simply for following the faith of their fathers, a faith which was established across England through peaceful means over a period of one thousand years.

Edward VI

The sickly but sole male heir to Henry VIII succeeded him on the throne in 1547. Born in 1537, Edward VI became the 'Supreme Head of the Church of England' as a boy of 11 years of age. From the outset it was apparent that his reign might not be long, and that he might be succeeded by a Catholic. Those gentry who had benefited from the distribution of monastic lands on the Dissolution of the monasteries had to consolidate their position or risk losing their land and possessions. Hence Parliament passed the Act of Uniformity, which declared Catholic forms of worship illegal, outlawed the Mass and imposed Thomas Cranmer's *English Book of Common Prayer and Administration of the Sacraments in 1549*. The new Prayer Book, and new form of worship, were introduced by Acts of Parliament, Acts which had to be enforced by the military power of the authorities.

In the space of little more than a decade, the Christian Church, which lay at the heart of the village economy, lost its familiar character. To declare the *Book of Common Prayer* heretical, and criticise the wholesale destruction of icons as sacrilege, was to risk violent death. The new legislation was not introduced through agreement with the people, in accordance with the Common law of the land: it was enforced by soldiers retained by the new landed gentry.

Mary Tudor

Edward was succeeded on the throne in 1553 by the sole legitimate surviving child of Henry VIII, Mary Tudor. As she was born in wedlock and remained a Catholic, her accession was duly recognised by the Pope and the Catholic Church was officially reinstated in England. Rather than risk civil war by demanding the return of the monastery lands to the Church (the legitimate owner, since they had been given and dedicated to God in perpetuity), Mary agreed that all who confessed their heretical transgressions, pronounced the Book of Common Prayer heretical and returned to the Catholic liturgy, could retain their plunder. Cardinal Pole was sent to Rome to secure the Pope's forgiveness on behalf of the people. Leading figures, both lay and clergy, now declared the *Book of Common Prayer* heretical. Throughout the land the altars were restored, and Mass was once more

celebrated in accordance with Catholic tradition.

Elizabeth I

On the death of her sister in 1558 Elizabeth claimed the throne. As the illegitimate child of Henry VIII she had no legal claim to the throne, and so had every motive for re-instating the *Book of Common Prayer* and the Protestant forms of worship. All citizens were asked to take an oath of supremacy, declaring Elizabeth to be the Supreme Head of the Church in England or suffer a horrible death. It was high treason for a priest to say Mass, or for a person to harbour a priest. For those who were able to remain on the land, village life continued in its old routines. But the Church had changed. Seasonal processions were banned. The clergy now celebrated a form of service in which the integration of society with its resource base in the natural world was becoming less evident.

The nation united behind Elizabeth, Catholics and Protestants alike, in repelling the Armada. Elizabeth's supreme quality of statesmanship enabled her to reign for 45 years, as she presided over an unprecedented growth of commerce and the beginning of the colonization of North America. After 19 years she beheaded her cousin, Mary Queen of Scots, the sole legitimate contender for her throne.

On the death of Elizabeth I, James VI of Scotland became James I of England through Mary Queen of Scots, his mother. The England he inherited from Elizabeth was very different from that acceded to by her father, Henry VIII.

English Political Economy in 1603

By the end of Elizabeth's reign, England was a protestant country. Notions of giving service to God and community in and around the homestead, in the cultivation of the fields and on the field of battle were giving way to a very different social order. England was beginning to emerge as a sea-going nation of merchants, sailors, shipbuilders and absentee landowners. It was a land where rights were no longer necessarily balanced by duties and obligations.

The new leisured class of landowners had no working connection with the land. New generations emerged as adults with no knowledge of the old customs of the common

sense Church which had been rooted in the village and the cultural realm of humanity as a whole. The Elizabethan Poor Laws marked the evolution of a landless working class, to be assisted from the Poor Rates or cashiered into military service to put down insurrections. Processions, which once united the community in marking the changes of season, were now regarded as signs of insurrection, of the insubordination and protest of an unruly people, to be suppressed by the standing militia. The unity of Church and State meant that the Church of England itself was part of the Establishment, enforcing law and order on the common people. Often linked in family ties to the leisure class, the married clergy tended to share the privileges of education and culture now appropriated by the wealthy, and denied to the masses by the leisure class.

The Stuarts and Cromwell

James I, son of Mary Queen of Scots, was the next in line of succession when Elizabeth died without nominating an heir. His reign was marked by a Parliament torn in contest between Puritan 'Dissenters' and the Protestant landowners and clergy. The removal of the acceptance of one clear source of 'catholic' theological authority had spawned a number of 'protestant' movements who did not believe in the unity of Church and State. Labelled 'Dissenters', these had been outlawed like the Catholics on grounds that they did not accept the unity of Church and State. In 1620 a group of Dissenters known as the 'Pilgrim Fathers' sailed in the Mayflower to form the first English-speaking colony in North America.

Charles I, who succeeded to his father's throne in 1625, claimed that the divine right to rule took precedence over Parliament's legislative rights, especially over taxation. The Civil War followed². Cromwell's Puritan New Model Army succeeded against the Royalists. Charles I was captured and beheaded on a charge of treason. Cromwell and Parliament ruled England and Ireland (1649-60). Opposition to Cromwell was strong in Ireland, where the common people were determined not to lose their Church and their land rights. As Frances Stewart explains:

"Faced with the prospect of an Irish alliance with Charles II, **Cromwell** carried out a series of massacres

to subdue the Irish. Then, once Cromwell had returned to England, the English Commissary, General Henry Ireton adopted a deliberate policy of crop burning and starvation, which was responsible for the majority of an estimated 600,000 deaths out of a total Irish population of 1,400,000.⁷³

In his *A History of the English Speaking People*, Winston. S. Churchill observes:

“We have seen the many ties which at one time or another have joined the inhabitants of the Western islands, and even in Ireland itself offered a tolerable way of life to Protestants and Catholics alike. Upon all of these Cromwell’s record was a lasting bane. By an uncompleted process of terror, by an iniquitous land settlement, by the virtual proscription of the Catholic religion, by the bloody deeds already described, he cut new gulfs between the nations and the creeds. “Hell or Connaught” were the terms he thrust upon the native inhabitants, and they for their part, across three hundred years, have used as their keenest expression of hatred “The Curse of Cromwell on you.” The consequences of Cromwell’s rule in Ireland have distressed and at times distracted English politics down even to the present day. To heal them baffled the skill and loyalties of successive generations. They became for a time a potent obstacle to the harmony of the English-speaking people throughout the world. Upon all of us there still lies ‘**the curse of Cromwell**.’”⁷⁴

The republican Protectorate, which followed the Civil War, enforced law and order by a paid militia on the dictatorial authority of Cromwell. The ‘Protectorate’ did not long survive Cromwell’s death. The return of the monarchy in the form of the last two Stuarts, Charles II and James II, was popular amongst the people, who retained in their homes many aspects of the Catholic culture of former times. James II sought religious toleration, but the powers in the land feared the possible return of the Catholic ethos. The “Immortal Seven”⁷⁵ encouraged the Dutch stadtholder William III of Orange-Nassau (William of Orange) to proceed with his plans to invade England with a Dutch fleet and army, in order to depose King James II. The “Glorious Revolution” led to William ascending the English throne as William III of England jointly with his wife Mary II of England. Unable to speak English, King William remained unfamiliar with the ways of the common people. In Cobbett’s view, William’s accession to the throne was

popular with the one group who had most to lose from religious freedom, the Anglican clergy. Although William’s supporters claimed James II had abdicated, William had to fight the Battle of the Boyne to finally establish Protestant rule over the British Isles. During William’s reign Catholics were banned from the monarchy and from holding public office. Thus to the present day, a Protestant foreigner can accede to the English throne if the otherwise legitimate claimant to the throne happens to be a Catholic.

Details of the history of this period, with its implications for the present times forward, can be found in Cobbett’s *A History of the Protestant Reformation in England and Ireland*, and confirmed via Wikipedia and its supporting references.

The Bank of England and the National Debt
As King William was a foreigner, his accession to the throne was not popular amongst the people, so his authority had to be established by forceful means. The spiritual and temporal authorities of state who had invited him to become king recognised that war with France was essential to keep him on the throne of England, Scotland and Ireland. Maintaining a standing army to fight wars abroad, and to keep the peace at home, is a costly business, beyond the private means of a monarch reigning at the behest of Parliament. Since the expense of such a war was beyond the means of currently available sources of taxation, a scheme for the financial subjection of the people was passed by Parliament. Writing in the 1820s, William Cobbett explains:

“An Act of Parliament was passed in the year 1694, being the 5th year of William and Mary, chapter 20, the title of which act is the following words, words that every man should bear in mind, words fatal to the peace and the happiness of England, words which were the precursor of a scourge greater than ever before afflicted any part of God’s creation: ‘An Act for granting to their Majesties several rates and duties upon tonnage of ships and vessels, upon beer, ale and other liquors, for securing certain recompenses and advantages in the said Act mentioned to such persons as shall voluntarily advance the sum of fifteen hundred thousand pounds towards carrying on the war against France.’ This act lays certain duties, sufficient to pay the interest of this sum of £1,500,000. Then it points out the manner of subscribing, the mode of paying the

interest, or annuities, and then it provides that, if so much of the whole sum be subscribed by such a time, the subscribers shall have a charter under the title of 'The Governor and Company of the Bank of England'!

"Thus arose loans, funds, banks, bankers, bank notes, and a national debt; things that England had never heard or dreamed of before this war 'for preserving the Protestant religion as by law established;' things without which she had had a long and glorious career of many centuries, and had been the greatest and happiest country in the world; things which she never would and never could have heard of, had it not been for what is audaciously called the 'Reformation,' seeing that to lend money at interest, that is to say, for gain, that is to say to receive money for the use of money, seeing that to do this was contrary and still is contrary to the principles of the Catholic Church, and amongst Christians or professors of Christianity such a thing was never heard of before that which is impudently called 'the Reformation.' The Rev. Mr. O'Callaghan, in his excellent little work, which I had the honour to republish last winter (1828), ... has shown that the ancient philosophers, the Fathers of the Church, and the decisions of Pope and Councils, all agree, all declare that to take money for the use of money is sinful."⁶

The financial system of the modern age and the money economy which flowed from it, were born out of the desire to finance wars for the purpose of securing power over the earth's resources, land, labour, skills and knowledge. Production for war is central to the growth of the formal, market economy, and to this day as I write (2012), remains the most profitable form of *financial* investment.

The Industrial Revelation

The 1694 Bank of England Act enthroned the 'protestant ethic' as the 'spirit of capitalism'. The initial capital for the founding of the Bank was provided by rich landowners, those whose families had benefited from the destruction of the traditional Church in England, a tradition which held that usury was contrary to the welfare of the common good, as was the making of money out of money. Thus the financial reforms outlined by Cobbett in the above quotation were enshrined in the law of the land. The entire edifice of economic theory is based upon the notion that the ban on usury was ethically unsound because it stood in the way of economic 'progress'.

According to the 'laws' of economics, it is right and proper "to take money for the use of money"

The founding of the Bank of England and the establishment of the National Debt facilitated the employment of loan capital, which in turn facilitated industrialisation. In order to keep the wheels of industry turning, the supply of loan capital had to be maintained. By these means it became common practice, established in law, and backed by economic theory, that capitalists should fund the production of goods for profitable financial sale through means of the paid labour of others. As the authors of *1066 and All That* explained as long ago as 1930, it was during the Napoleonic Wars that "many very remarkable discoveries were made:

"Most memorable among these was the discovery (made by all the rich men in England at once) that women and children could work for twenty-five hours a day in factories without many of them dying or becoming excessively deformed. This was known as the Industrial Revelation and completely changed the faces of the North of England." (p100)

Many a true word is spoken in jest. Working for money wages became the sole driving force of the modern economy. Regardless of the real cost in terms of human wellbeing and the welfare of the land, whatever is profitable to the money lenders can be produced. Conversely, whatever is not profitable is of no economic importance.

The machine age might have been expected to bring in an age of leisure. Instead, human beings have allowed themselves to become enslaved by a wages and salaries system which makes sense only in financial terms: by any other standards it is anathema. The wages and salaries paid out for contributions to the financial economy can sometimes be very high indeed, facilitating a most comfortable lifestyle. For untold millions in the third world, however, the industrial machine has gobbled up their land and degraded their labour in order to supply all the demands of the mass market so that the military/ industrial complex can continue to be supplied with willing workers. Far from rendering long hours of drudgery unnecessary, the machine-age employees demand more work, because there is no other route to securing an income.

Whether high-paid or low, working for money is degrading of human dignity. Love of the land and the community which it supports cannot be married with a duty to follow the orders of an employer under conditions of wage or salary slavery. At the start of the reign of Henry VIII the common cultural inheritance of England

was based upon knowledge of the story of Christianity. By the end of the modern era, a man or woman's worth is evaluated according to his or her earning capacity, a value which is measured in terms of money. By this yardstick, time spent upon anything which does not earn money is time wasted.

¹ See *Legacy to Parsons* Extract from William Cobbett.

² Space does not allow pursuit of this topic, save to mention that Cromwell's forces were largely (entirely?) paid militia, whereas the Royalists were largely a volunteer army.

³ Frances Stewart (2000). *War and Underdevelopment: Economic and Social Consequences of Conflict v. 1* (Queen Elizabeth House Series in Development Studies), Oxford University Press. 2000. (From Wiki 2 July 12)

⁴ Winston S. Churchill, 1957, *A History of the English Speaking Peoples: The Age of Revolution*, Dodd, Mead and Company: New York (p. 9):

⁵ See Glossary.

⁶ William Cobbett *A History of the Protestant Reformation in England and Ireland*, p337-8.

Part 4. From Local Economy to World Financial Economy

Frances Hutchinson

The fundamental flaw in the belief system underpinning the social institutions of the developed world is the reliance of the citizen upon the pronouncements of the 'experts'. The formal educational system teaches children and young people to read, write, watch films and use computers in order to absorb the information presented to them by the mass electronic media and the printed word. It does not teach useful practical skills essential for survival in the real economy, nor does it teach the ability to form reasoned judgements about alternative courses of action. The result is a belief in a money system which bears very little relationship to the material needs of humanity. To say so, however, is to meet with blank incomprehension. A phenomenon as powerful as superstition prevents people from looking at the money system as it really *is*. They will happily repeat the old story of how, in the bad old days, people believed the earth was flat, and that the sun revolved around the earth. The established authority of the medieval church taught that heaven was above, hell below, and the sun revolved above the flat earth. When Galileo pointed out the scientific fact, observable through the telescope, the medieval experts refused to look to find out for themselves. One wonders, why did they refuse so obvious a request? They refused because it would have shattered their entire world view. All the theories and calculations, which they had been taught, had elaborated upon over their lifetimes, and were now expounding upon

as 'authorities', would have evaporated into thin air! In a similar way, faith in the power of the money economy has come to dominate the social institutions of modern times.

Flat earth economic thought assumes that the money economy and the real economy are one and the same. Hence the *real* economy – the people, their skills and their land – is under the control of the *financial* economy. From the moment of conception to the drawing of the final breath, every person's life chances are determined by financial considerations. Yet it is somehow improper, incorrect, distasteful, to spell out this fact of life. Surely there is a political sphere of society, a process of constitution and law which protects our rights as citizens? Surely there is a cultural sphere of society where we learn of higher motives than pure, mercenary, self-interest? But when all is said and done, establishing rights in law is determined by financial considerations. It was not always so.

The Real Economy in the Middle Ages

In England, over the thousand years or so called the 'Middle Ages', a fascinating pattern of social institutions evolved to manage human interaction on the material and cultural level. The real economy – the land, its resources and the accumulated knowledge and wisdom of humanity were locally owned, controlled and managed: there were no absentee owners able

to dictate policies of land management and access to resources according to an agenda set by distant authorities, who could reap material benefits without suffering adverse consequences such as pollution and degradation of the home environment. The common good took precedence over excessive greed, which could destroy the welfare of all.

Comradeship and justice prevailed, to create a harmonious series of institutions, differing according to local tradition, yet within an overarching common culture of spiritual, theological experience and expertise, a culture which was ‘catholic’ or ‘universal’. Through the church and the monasteries, each parish could draw upon the learning, arts, sciences and architecture of the wider world, in order to build their church, cathedral or monastery buildings. Flat earth historians, funded by powerful interests, have presented a very different picture over the period of modern times. For the best part of two centuries William Cobbett has been virtually unique in putting his eye to the telescope and recording what he saw. Not only did he see the flourishing of the local economy in medieval times, he recorded also the evolution of the paper money economy. Based upon ephemeral values, supported by the institutional forces of law and the military, the financial economy continues to wreak havoc upon the relationship between the human community and its support system, the earth and the natural world. The question then arises – what is this financial system? What is money?

What is Money?

In general conversation, to ask the question, “What is money?” is heretical. We all know what money is. It is the reason we go to work, so that we can have money to spend on the things we want. Of course, there is nothing more to it than that. Money has existed since ancient times, as everybody knows. There are frequent references to money in the Gospels. Throughout ancient times luxury items were traded for money, debts were calculated and so on. You have only to look at history to discover that money is nothing new. But is that strictly correct?

If we could spirit ourselves back to, say, biblical times, we would be astonished to find how little money features in the everyday lives of ordinary

people. It was not common practice to grow food and make things primarily for *money*. Food, furnishings and utensils – the material ‘outer’ goods necessary for human existence – were created, consumed and recycled as waste, all in the same locality. ‘Inner goods’, goods which rendered spiritual and artistic satisfactions, were produced and used without recourse to money. And the fundamental question remains, what is, or was then, ‘money’?

According to textbook economics, money is a medium of exchange, a unit of account, a standard of deferred payments, and a store of value.

1. As a medium of exchange it guarantees that people with something to sell can always accept money for it, while people wanting to buy can always offer money in exchange.
2. As a unit of account, it offers an agreed measure for stating the prices of goods and services.
3. As a standard of deferred payments it enables contracts to be agreed for future receipts and payments.
4. As a store of value, money can be saved up for future exchange.

Economics textbooks are little more than a century old. By the early twentieth century it had become apparent that the institutions of finance were central to the functioning of the modern political economy. Hence would-be statesmen and politicians were sent to study economics at the newly-founded London School of Economics (LSE) so that they would not fall into error by threatening big business and financial interests with outlandish ‘uneconomic’ schemes. Such schemes might have drawn attention to the fundamental flaws in the money economy.

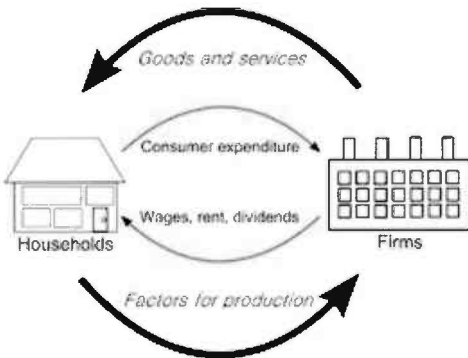
Throughout the history of the world, including medieval times, the vast majority of exchanges of goods and services were agreements between locally known actors or agents. Family X have more fish than they need, so they share the surplus with others, knowing that at some time in the future similar generosity will flow from Families Y and Z. Sometimes, however, a traveller or stranger may wish to procure some artifact for which he offers ‘money’. This will not, however, be paper money, or any other currency used only in one locality. The most common form of external trade was conducted with precious

metals, silver, gold or copper, substances desirable in their own right. Made into coins stamped with the head of the king or emperor, these formed a useful medium of exchange where trading took place. Few workers on the land, or in domestic service, would expect to be paid entirely in gold or silver coins. Basic payments were, until the eighteenth and nineteenth centuries, almost entirely paid in kind. As the twentieth century approached, increasingly awkward questions were being raised about the ability of some to make money out of money, and the necessity of the many to seek work paying a money wage, because they had no land to cultivate, and nothing else to sell, in order to put foods on the table.

All was revealed by splitting the study of economics into two parts, micro and macro. Micro economics studies the relationship between “the firm”, the unit of production, and “the household”, the unit of consumption. Macro economics studies the bigger picture, the broad sweep of the world financial economy.

Microeconomics

Professional economists, *i.e.*, any economist who has held a tenured post in a university, base their teachings on the ‘Circular Flow’. According to this body of theory, households supply firms with the resources firms need to produce wealth, so that, in return, firms supply households with what they need. Households have what firms need, and firms produce what households want.



The Circular Flow

Citizens, in their capacity as economic agents, take employment in primary, secondary or tertiary employment. They are employed as labour, landlords or investors (capitalists), to produce

the ‘utilities’, the goods and services which the firms can then sell on the market. The workers, as labour, landlords or investors, receive an income for their sacrifices from the firms who employ them, in the form of wages, rent or dividends. Each household then goes to the market, shopping from the goods supplied by the firms for a basket of goods that yields personal satisfaction. They buy food, clothes, cars, holidays and so on. Thus the ‘utilities’ created by the productive process are destroyed by consumption, and its ‘back to the treadmill’ for the next cycle of production and consumption.

In this model, unfortunate facts must be twisted to suit the theory. In theory the most efficient use of resources will be achieved when nobody could be better off, and nobody worse off, through a different allocation of the goods and services produced. In practice, the original distribution of property access changes the nature of the entire game.

Equally, it is assumed that, although money is normally used to settle transactions, it merely acts as a neutral medium of exchange. In the circular flow analysis, money has no role to play in the outcomes. Goods are produced, distributed and exchanged in a barter-like fashion, real value for real value. And those values are equal. Any *increase* in value does not enter the equation.

The most serious flaw in the circular flow presentation of the economy at micro level is that it fails to account the fact that, in any exchange involving money, money acts as a third party to the exchange. If I have an apple and you have an orange, we can agree a direct, barter-style swap. If, however, money enters into the equation, the whole situation changes. Now I can sell you the apple for £2, buy the orange for £1, and end up £1 better off. There is no *necessary* relationship between the money value of the apple and the money value of the orange. All depends upon the original allocations of the money and the resources prior to the transaction.

Macroeconomics

If people go to work to earn the money to buy the goods and services produced through economic activity, it becomes necessary to account for the presence of money in the economy. Hence the invention of macro-economics. Money is created

by financial institutions which are backed by the force of law. Currently, banking and financial institutions determine the choices made available to every individual citizen the world over. Money does not have any intrinsic value. It is not gold, nor is it backed by gold. Even when it was backed by gold, it was a very tenuous relationship, giving the illusion of a solidity which simply was not there. Whether the world economy is backed by gold or some reserve currency matters little. It remains one giant confidence trick.

The task of the macro-economist is to restore confidence when world finance is blatantly seen to be failing to deliver the goods. Hence the errors are explained away in terms of a mass of statistics purporting to show how inflation causes unemployment, without attempting to explain why war creates employment and a strong economy, whilst peace causes economic stagnation and unemployment.

Historically, the founding of the Bank of England in order to debt-finance, through taxation, the wars necessary to eliminate the Stuart monarchy, marked the birth of the macro-economy. Up to that point, the economic processes of production and consumption were land based, local, and based upon the *real* economy. Now the *financial* economy emerged. Crucially, this entirely new phenomenon had no need to take account of the real economy: it simply drew upon it parasitically.

Money became the medium of exchange which drove production, distribution and exchange. From that day to this, it has been generally assumed that money has real value, *i.e.*, that it represents a precious metal like gold.

Fractional Reserve Banking

During the sixteenth century a curious practice emerged, one that was to facilitate the development of macroeconomics as we know it today. People who had gold would deposit it with goldsmiths for safekeeping. In exchange they got a signed receipt guaranteeing that they could retrieve it. The value assigned to that note backed by the gold in the goldsmith's vault made it possible for it to be used in payment.

That is, if A had deposited £10 worth of gold, and had in his possession a receipt, he could settle his debt with the receipt. That receipt, which was really a promissory note, became money. The

person who took it in payment could either use it in the same way, as money. Or, at some later point, he could use it to retrieve the gold in the goldsmith's keeping.

At the same time B borrows £10 worth of gold from the goldsmith but receives a promissory note. He uses the note to settle his debt to C. Now there are two notes in circulation for one actual amount of gold. Goldsmith realized that these notes could normally be in circulation for quite some time, several years even, without anyone actually withdrawing the gold. Knowing that all claims would not have to be honored at the same time, it became common practice to issue further notes as debt, charging interest into the bargain. As a general rule of thumb, it was calculated that a goldsmith could safely lend out roughly ten times the amount of actual gold on deposit. In this way the money supply was vastly increased. It now became common practice to speculate in money itself, without regard to the realities of the real economy which underpins humanity's existence.

Debt-financing as Financially Profitable

Throughout the centuries since the founding of the Bank of England, the financial economy has grown in size and sophistication. The entire macro economy is based upon debt – financing, a form of financing which bears no relationship whatsoever to the real economy, *i.e.*, the management of the earth's real resources by human beings working on the land. The most profitable form of financial speculation is war. When war breaks out, as in the case of the Napoleonic Wars, finance is necessary to recruit the soldiers, and to produce the uniforms and armaments necessary to facilitate mass slaughter. Thus the financial economy goes into full swing. However, until the time of the Napoleonic Wars, the amount of gold in a country limited the amount of debt financing necessary to expand economic activity. Without going into the finer pointsⁱⁱ, Britain officially 'left the Gold Standard' for the first time in 1797, in order to prepare for war. From now on, the nation's currency became increasingly divorced from the tangible real economy.

Preparation for the war against France involved the government borrowing from the banks in order to build up stocks of the supplies necessary

for the conduct of war, and to recruit a standing army. The national debt rose. In this period, as during the war itself, employment rose, *i.e.*, men were drawn off the farms and off the streets into 'employment'. At the end of the war, however, as the government sought to pay off the national debt, the money supply was drastically reduced. Workers in mills, armaments manufactories and the military were laid off, so could not afford to buy such produce as was available for potential sale on the market. Deprived of access to land, and of the skills necessary to support themselves from the land, the unemployed literally starved.

The official version of the history of the political economy tells of more enlightened times, as various forms of poverty relief were introduced. However, throughout the nineteenth and twentieth centuries, the financial economy became increasingly divorced from the real economy. Despite the human misery and material destruction involved, war creates a strong financial economy.

By the mid-twentieth century, following the horrors of World War II, it might have been possible for humanity to embark upon an age of leisure. Instead, the Cold War was deliberately engineered to simultaneously increase military power and the financial economy through which such power is achieved. Beginning in 1950, under the Truman Administration, and continuing with all administrations since, the United States became the first known industrialized nation to explicitly and permanently, although secretly, to maintain an increase of hours of employment. To maintain the military-industrial requirements of the Cold War, the authors of the then secret National Security Council Document 68 proposed the US government undertake a massive permanent national economic expansion so that could "siphon off" a part of the economic activity produced to support an ongoing military buildup to contain the Soviet Union. Through financial measures, the United States increased the allocation of real resources to a build-up of the economic and military strength, without suffering a decline in its real standard of living. In other words, the population were bribed into working longer hours over a lifetime in service of the military/industrial complex. Their reward was an increasing array of consumer goods in the form of ersatz food, culture, leisure and all manner

of designer consumption. The potential age of leisure was diverted into the age of the leisure industry, in which the citizen lost all semblance of political control.

The Wages System

Under the wages system, the worker has no say in the planning of the work or in the conditions of work. He merely follows orders. The worker is rewarded by a wage or salary which is calculated in money terms, and has to be spent on products, and on the terms, determined by the powers at the apex of the pyramids of military authority. As Guild Socialists Maurice Reckitt and C.E. Bechthoffer explained a century ago:

"The fundamental basis of the revolutionary case against Capitalism is not that it makes the few rich and the many poor – though this is true; not that it creates social conditions which are a disgrace and an amazement in a civilised community – though this is also true; not that it brutalises the rich by luxury, stifles beauty, and frustrates the hope of craftsmanship for the worker – though, indeed, it does all these things; but that it denies and degrades the character of man by the operation of a wage-system which makes the worker of no more account than a machine to be exploited or a tool to be bought and sold. The seed of all our glaring social failure and distress today lies not in any imagined 'problem' of poverty, nor in any inevitable 'stage' of economic development^{iv}, but in a vile conception of human relationship that has entered into and now dominates all our social life and has invested it with its character of injustice and insecurity. This spiritual failure to which we have come finds its concrete expression in the wages system. Its assumptions and even its ideals (if we can call them so) have won so great a victory over the minds and wills of every section of our countrymen that its creed is the credo of England today. Few challenge it; few have the spirit even to desire an alternative, far less to struggle for one. That men should be forced by the menace of starvation to accept a price for the labour which is all they have to sell, to subdue all their purposes and all their gifts to the purpose of others (*and that purpose profit*), to lay claim to no right of control over the conditions of their working lives, nor any power of government over those who direct them in the workshop, to be divorced from responsibility and all the attributes of free status, to have upheld before them no standard but that of gain, no incentive but the bribe (often fallacious) of higher wages – this pathetic distortion of human fellowship, this vile and perilous imprisonment of the human spirit, is actually accepted as natural, and even providential, by nearly all those who triumph by means of it, and by the vast majority, indeed, of its victims."^{iv}[Emphasis added]

According to micro economic theory, people sell to firms the land, labour and capital owned by their households. The firms make the products the households want, so that the households can buy them back. In practice, governments and the macro financial economy determine what is

produced and consumed. Very few households require military products. In the final section of this work we will look to a future when the financial markets no longer control the real economy of the earth's resources and human labour.

ⁱ For an example, see Frances Hutchinson, *What Everybody Really Wants to Know About Money*, Jon Carpenter (1998), p159-60. See also the Appendix to the same book, for expanded discussion of the main schools of economic thought.

ⁱⁱ See eg. Michael Rowbotham *The Grip of Death*, p182-3

ⁱⁱⁱ The reference is to the Marxist claim that capitalism is a stage towards the inevitable evolution of the communist worker-state.

^{iv} Maurice Reckitt and C E Bechhoffer (1918) *The Meaning of the National Guilds*, Cecil Palmer, London.

Part 5: New Home Economics

Frances Hutchinson

'Home Economics' is a term used by the farmer-philosopher Wendell Berry. It recognises the planet as the home which human beings share with the rest of God's creation. It is also based upon the idea of locality as the home to the human community. Home is the place where we work, socialise, and care for the environment. Our homes are the locations where, every day, each one of us makes economic decisions affecting the lives of others, near and far, present and future.

Throughout history traditional societies have tended to share a common religious belief system, a common culture of arts, crafts, story-telling and ceremonial, and a sustainable relationship with the fields, flora, fauna and forests of the locality supplying their material resource base. The watchword for this type of society is cooperation, a sharing of tasks, knowledge, responsibilities and access to resources leading to a lifestyle in which all are enriched. Women do well in a home-based economy, as they form the backbone of society, handing on skills, knowledge and belief systems to sons and daughters alike. Amongst the many varieties of traditional cultures, that of the medieval English village, as described by William Cobbett and Eamon Duffy, is a particularly interesting example. The forms of social, spiritual, cultural, technical, political and legal change introduced during the Agrarian and Industrial Revolutions broke the social harmony of the English Parish, and so could not be introduced peacefully. Such change can only be imposed by legal measures backed by physical force. Wherever violent change has occurred, the victors

control society in all its spheres, cultural, political and economic, whilst history supports their world view.

The Capital Markets

As we saw in Part 4, the official version of economic theory is that the 'Household' produces the resources necessary for production, in the form of raw materials and the accumulated knowledge of humanity. It sells these resources to the 'Firm'. Through the financial system, the 'Firm', or financial economy, draws off products a proportion of the product for its own purposes, e.g., wars and infrastructure, and sells some back to the 'Households' in the form of the wages/salaries system, so that they can continue to function to maintain the formal financial economy. One major task of the 'Households' is to maintain the illusion that all work for money is work for the common good.

Meanwhile, the masters of the system play out a vast game of monopoly, speculating in 'financial products' loosely connected with real products and real resources. Money created by banks is fed to corporations, insurance companies, pension funds, unit trusts and investment trusts. It filters via the stock exchanges and governments through a vast bureaucracy of employees, controlling policies as it goes. The vast superstructure of financial markets conducts itself without heed to the realities of human society and the natural world. Thus car accidents, oil spills and the like are accounted as pluses, as they generate financial activity in the insurance and clean-up processes.

Meanwhile, degradation of the environment, the elimination of species of plants and insects, does not even register on the financial radars.

If the Machine Stops

The wages system could end overnight, if some electronic, financial or social crisis escalated totally out of control. That would certainly put an end to the power of the Firm to dominate policy formation. Military forces would not perform their duties if they were not paid to do so. Indeed, they could not 'work', because they would have no armaments, no transport systems, no intelligence systems, no food, no clothing, no information networks and no 'leisure' facilities, because nobody would go to work for the Firm to provide them. The tourist trade would collapse, the mass media would disintegrate and porn culture would cease to exist.

However, as people found the chain stores empty of food, clothes, household furnishings, tools and equipment, and fuel sources dried up, the ensuing chaos would be unimaginable. It would take considerable time for people to learn again how to farm the land locally, to develop sustainable cultures, customs and belief systems, and to educate themselves and their children into practical alternatives to their present subservience to world finance.

The scenario of the 'Machine', that is the present financial system, grinding to a permanent and total standstill is by no means far fetched. In fact, in one form or another it is a more than likely development in the not-too-distant future. Fortunately, however, it is not a question of reinventing the wheel in order to pull ourselves out of the mess. A rich treasury of theoretical and practical experiments stands readily available, to be taken up by willing hands.

Common Ground

The thoughtful medieval parishioner transported to modern times would be astonished to be told, in all seriousness, the history of the increasing legal bureaucracy as it came to dominate the economic, cultural and political institutions of modern society. Over a period of five hundred years, the land was taken from the people by military force. Subsequently, the legal ownership of the land so taken was established in law, so that the common people have now the *legal* option of starving

to death on the Queen's highways, or selling themselves into wage slavery in order to make, and then buy back, the material assets they would otherwise provide for themselves directly from the natural resources of the earth and the common cultural inheritance of skills and knowledge built up over untold generations. Whilst, the debt system, the mortgage system, taxation, red tape and mountains of bureaucratic nonsense provide virtually insuperable obstacles to the establishment of small, local, sustainable schemes to provide good food through healthy farming, excellent education and a vigorous cultural life of flourishing arts, sciences and philosophy. Meanwhile, salaried academics vegetate in a Marxist time-warp waiting for the Revolution.

Fortunately, outside the salaried bureaucracies, revolutionary thought has been translated into effective action, to good purpose. A certain number of monastic institutions, based upon the medieval principles of common ownership in perpetuity, survive in many parts of Europe, providing models for alternative Household communities. The mid-twentieth century saw the foundation of the Camphill Movement. Arising from Anthroposophy, Camphill Villages are residential, life-sharing, communities with marked similarities to monasticism, providing care for adults and children with learning disabilities and mental health problems. Camphill has close links with biodynamic farming initiatives. More recent initiatives include the community buy-outs of crofting land, as in the case of the Isle of Eigg, and the establishment of Community Land Trusts (CLTs). Since the passing into law of the Housing and Regeneration Act in 2008, corporate bodies known as CLTs can be established "for the express purpose of furthering the social, economic and environmental interests of a local community by acquiring and managing land and other assets" in the interests of the local communityⁱ. As they become more widely established, CLTs assist in spreading recognition that land is not a commodity to be bought and sold by the Firm, but a shared commons. With proper management, CLTs offer the opportunity to build decent, affordable, well-designed housing in sustainable, self-provisioning, socially supportive neighbourhoods that have a mix of rentable and cooperative tenures. A range of lateral-thinking initiatives of this type, not only in land and housing but also in education, health

and social care, are outlined in Martin Large’s well-referenced compendium entitled *Common Wealth*.

Working models of sound practice can be found in every locality. Throughout the landscapes of the world, ideas, examples and working models, both of the past and of the present, can be reviewed, explored and joined up into a coherent whole. Where practice and theory unite, a common sense Home Economy can be seen to be emerging. Nevertheless, the Firm’s greatest ally is the habits to which we have become accustomed. The herd culture in which we find ourselves is the biggest obstacle to change. It takes courage to break the mould. And perhaps the greatest challenge we face is the idea of bringing up our children to be independent of the culture of the Firm.

The Household as Sacred Space

The sole interest in childhood of the Firm, or financial economy, is to train up a new generation of worker/consumers to replace the old as they cease to be useful. As every social thinker from an indigenous culture knows, the skills learned in childhood can be drawn upon throughout a lifetime. Like many other thinkers, William Cobbett stressed that it is not the intellectual book-learning – and still less familiarity with electronic software – that stands a person in good stead. It is those activities involving the training of hand, eye, brain and emotions that are essential to what it is to be human. The contacts with the natural world, with growing and living things, the training of the facilities of the body in crafts, arts, sports and the skills of working with natural materials, of learning from personal observation how plants and animals live, grow and die, and of taking responsibility for practical and necessary tasks.

Fortunately, parents seeking alternatives to

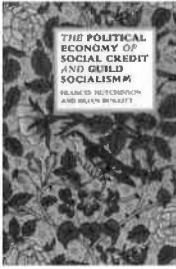
surrendering their children to the Firm can draw upon the rich experience of the Steiner educational movement. During the last century, individual Households have come together to provide their children with schooling designed to meet the needs of a healthy childhood, rather than training children to meet the demands of the Firm. As a child is born into a Household, it is a sacred trust. For far too long, parents have been encouraged to sacrifice their children to the Firm, where money values material ‘things’, those outer goods that can be quantified. At a much lower cost to the physical environment, the Household economy can nurture those ‘inner goods’, of skills, literature, arts and knowledge which can be expanded indefinitely, to the benefit of all.

Space does not here allow the principle of inter-household economy to be developed. Community Supported Agriculture (CSA) is just one of many forms such cooperation may takeⁱ. The task is to research, both locally and on the internet, for ways to protect the sacred space of your own Household. The choice is yours. If you really want to keep yourself and family supplied with electrical toothbrushes into the dim and distant future, the Firm will give you every encouragement to go right ahead. If you want to find how many lives and resources it takes to keep your family in conventional toothbrushes, the choice is also yours. In the latter case, however, you may find yourself considering joining the Economic Revolution of the future.

ⁱ Martin Large, *Common Wealth: For a free, equal, mutual and sustainable society*, (2010) p193.
ⁱⁱ See reference e.g., in Hutchinson *et al.*, *The Politics of Money*, p171-2.

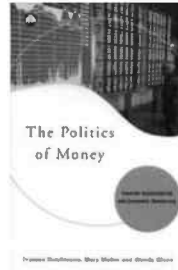
Secretariat		ISSN:0037-7694
Frances Hutchinson	Chair	
J.A. Murray McGrath	Deputy Chair	Keith Hutchinson
Bryony Partridge	Treasurer	Gerald Partridge
Anne Goss	Secretary	Wallace Klinck (Canada)
Ros Cunningham	Website Editor	Richard Haselgrove
secretary@socialcredit.co.uk		www.douglassocialcredit.com

Recommended Reading



Frances Hutchison & Brian Burkitt
The Political Economy of Social Credit and Guild Socialism

(Jon Carpenter £12.99)



Frances Hutchison, Mary Mellor & Wendy Olsen
The Politics of Money: Towards Sustainability & Economic Democracy

(Pluto £16.99)



Frances Hutchison
What Everybody really wants to know about Money

(Jon Carpenter £12.00)



Eimar O'Duffy
Asses in Clover

(Jon Carpenter £11.00)



Frances Hutchison
Understanding the Financial System: Social Credit Rediscovered

(Jon Carpenter £15.00)

Frances Hutchison
Social Credit? Some Questions Answered.
KRP £2.00

Books by C H Douglas

(available in the Social Credit Library)

Economic Democracy

Social Credit

The Monopoly of Credit

Warning Democracy

Credit Power and Democracy

The Control and Distribution of Production

For reviews of all these publications and details of how to purchase them, please see our website:
www.douglassocialcredit.com

THE SOCIAL CREDITER BUSINESS ADDRESS

Subscribers are requested to note that the address for all business related to KRP Limited and The Social Credit Secretariat is: PO Box 322, Silsden, Keighley, West Yorkshire BD20 0YE (UK)
Telephone: (01535) 654230 www.douglassocialcredit.com secretary@socialcredit.co.uk
Annual subscriptions to The Social Crediter £8.00 (UK) £13.00 (airmail)

Copyright 2011. Permission granted for reproduction with appropriate credit.

If you wish to comment on an article in this, or the previous issues, or discuss submission of an essay for a future issue of *The Social Crediter*, please contact the Editor, Frances Hutchison, at the address above.

(It would be very helpful if material were submitted either by e-mail or on disk if at all possible).