

The SOCIAL CREDITER

For Economic Democracy

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Editorial

Today, many people have only vague memories of Social Credit. Others have been lifelong followers of a movement which once generated heated debate. If called upon to venture an opinion about what 'Social Credit' actually is all about, both groups, it is my suspicion, would say it is a 'scheme of monetary reform' which is 'still relevant' or 'now obsolete', according to personal opinion. In its heyday, however, social credit formed one plank in a general questioning of the 'progress' generated by increasing enslavement to the financial system. In the first half of the 20th century Social Credit stood alongside 'distributism' and the 'national guilds' idea. All three strands of contemporary thought originated in the guild socialism, as championed by Douglas' mentor A.R. Orage. For 'distributists', property and land should be allocated to all, so that none were dependent upon powerful individuals or organisations for access to their everyday needs. Meanwhile, in its original form as expressed in the 'Draft Mining Scheme' of Douglas and Orage (see *The Political Economy of Social Credit and Guild Socialism* for details), the 'national guilds' idea was not 'national' in the sense of being centrally controlled. Rather, it envisaged power being devolved to the lowest practicable level of locality. The guild idea recognises the impossibility of returning to

traditional family-centred methods of production, but envisages self-determination at places of work freed from wage or salaried slavery. The term 'guilds' is applied not only to mining, building and other crafts, but also to agriculture, medicine, education and the other professions.

Social Credit ideas were part and parcel of the interweaving strands of alternative thought. Central to the debate were two negatives. First, that the vast majority of the population should not be dependent for their material needs upon a money wage for work undertaken under the orders of others. Second, that agriculture and the care of the land should not be subject to the dictates of finance. Translated into the positive, these ideas form a quest for economic security, respect for the land and individual responsibility in community.

Today these debates lie buried in obscure academic tracts, the life stamped out of them. Meanwhile a host of single-issue campaigns are conducted by busy-busy people, frantically calling our attention to the grossest ills perpetrated as a result of the invasion of greed and self-interest into every aspect of life. The overall effect is to create the illusion that great things are being done to remedy the situation. Meanwhile, the destructive juggernaut carries on regardless.

In this issue we draw attention to two prophetic books steeped in the earlier debate, *The Tree of Life*, and *Asses in*

Clover. We link them with the historical and contemporary analysis of finance in *The Politics of Money* (see details of all three books on the back page of TSC and in advertising material). In Massingham's Introduction to *The Tree of Life*, written over six decades ago, he predicts that: "The struggle of the future will not be between Left and Right, between Socialism and predatory individualism (as it once was) but between the organic view of life based on the land and the economic materialism of progressives, orthodox economists and totalitarians."

Now that these three books are in print, we need help in circulating them and generating the type of discussion which will lead to informed action. The alternative is to continue, by our uninformed collusion, to support "free trade". "Destruction and slavery" as Wendell Berry explains so succinctly in the conclusion of his article, are the fruits of the corporate, finance-driven economy: "Without prosperous local economies, the people have no power and the land no voice." Although social credit ideas form only a part of the battle for a sane economic system, they are vital.

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'Progress' Comes Home to Roost

Frances Hutchinson

My attempts to teach by example the joys of taking fresh, unadulterated food from garden to table have been a miserable failure. Very patiently, four-and-a-half year old Bethany took me into her confidence: "Grandma, if you go into Tesco's, you will find loads and loads of food there. Shelves and shelves of it. They have potatoes, and bread, fruit, and, and .." - words failed her - "They even have jars of jam, - I think". For the modern child the mass production, preserving, processing, packaging and transportation of food is normal and natural, while taking home cultivated food from ground to table is abnormal and un-natural. Now, it is all very well for a rising five to labour under the mis-apprehension that food appears on the supermarket shelves, and that the money economy in general forms part of the natural order of things. It is quite another to find oneself talking with mature, even elderly, adults who do not seem to have the foggiest idea of how their food has progressed from soil to table. Furthermore, it is not uncommon for people to express surprise at the very idea that they might attempt to understand how the money economy, upon which they are entirely dependent for their everyday needs, actually works.

The Medieval Village Community

It was not always so. If we were to re-run history, so to speak, taking a time machine to the early middle ages, we would find loads of people who could explain exactly how the economy, in which they lived and worked and had their being, actually operated. They might or might not be entirely happy about the way the world treated them, but they would be in no doubt about how the basic necessities of life came to be in their possession. In the medieval village community the lord of the manor and small peasant

farmers existed in mutually supporting economic units. Traditionally, we have been taught that the poor were exploited by the rich and that traditional farming methods were inefficient and stifling of initiative and innovation. The implication is that modern farming methods are resource-efficient, ecologically sustainable and socially just, which they patently are not. It is, perhaps, time to look again at the medieval village in which the chain of responsibility was clear. Lord and peasant households alike built, thatched and furnished their own dwellings, provided light and heat, made their own clothes, grazed their own livestock, grew and collected their own food. Tallow came from pigs, fuel, fruits, wild foods and medicines came from the forest, cloth from home grown flax and wool, leather from hides, water from own wells. Certain items such as salt, iron, tools, clay, precious stones and dyestuffs might be 'imported' from a distance, paid for in money or barter. But these were luxuries, not everyday items. The trade or money economy did not dominate everyday life. Hence the peasant household was as stable and independent as that of the lord or king, which it mirrored. If it was called upon to supply tithes or bonded labour to church, local lord or king, it did so from its own resources, a very different matter from the slave who is utterly dependent on the whim of the master.

The Rural Christ and the Tree of Life

In *The Tree of Life* H.J. Massingham questions the 'doctrine of progress' which brings enslavement to time, measurement, quantity and regulations laid down by unaccountable bureaucrats. He sees the birth of Christ into the family of a 'rural goodman' as no accident, but

rather "a sign to the world only third in importance to that of the Crucifixion and the Logos". For Massingham, peasant society is fundamental to human society, Although subject to endless change and adaptation, forms of society which link the spiritual with the social and natural worlds - church, home and fields - have timeless qualities with inbuilt sustainability. Other economies, however seemingly sophisticated, flower and fade. They are unsustainable. While Massingham writes from an openly Christian perspective, he is not dogmatic. Rather he recognises the validity of the wide spectrum of societies based upon other versions of the spiritual. He is fundamentally opposed to secularism, the total loss of respect for the spiritual links between the land and its peoples. Secularism brings slavery to the money system, subtly disguised as freedom. True freedom is independence from debt and financial slavery, a freedom reserved almost exclusively to peasant farming societies.

The Cancerous Money Economy (Chrematistics)

In pre-modern times, (as in many surviving peasant communities) it was considered degrading to engage in trade. Under a mind-set difficult to comprehend today, business and money-making were not regarded as respectable occupations. St. Jerome was quite clear on the matter: "The merchant can please God only with difficulty." Profit-seeking was avarice, speculation a sin, and all forms of usury were condemned by the church. In medieval times merchants and traders who bought and sold for money were despised because they had no heritage, no roots in the land. They lived by the strongbox, by the rattle of coins and by the system of mercantile alliances they built up with

other 'expatriates' like themselves. They did not live on the land, nor did they respect those who did so.

To recap, the independent peasant farmer or craftsman lived and worked on the land and in community, learning and developing skills which enabled him/her to take control over and responsibility for their subsistence needs and those of the family and community in which they lived, directly from the land and surrounding countryside. Inherited skills and natural raw materials were available from outside the money economy. Although they might sell a surplus for money, they did not produce for a money income. Throughout human history, for most people most of the time, the idea of employment, of working under orders for money, making things you would never use, with machines and materials you do not understand, in order to buy consumer goods made to the specifications of strangers, was incomprehensible.

Oikonomia and Chrematistics

In *The Politics of Money* we trace back to Aristotle the distinction between the social and natural resources economies (oikonomia), and the money economy (chrematistics). The term oikonomia, from which the term 'economics' is derived, is concerned with the management of the resources of the household for the benefit of all its members over the long run. If the term 'household' is expanded to include the ecological resources of the land and its peoples, its institutions, language, shared values and history, we can visualise an economics designed to benefit the community as a whole. Chrematistics, on the other hand, relates to the manipulation of property and wealth so as to maximize short-term monetary exchange benefits to the individual owner. We conclude, in *The Politics of Money*, that no

community or civilisation can exist without oikonomia, the natural and social resources economies which sustain human life on earth. However, chrematistics, the economy of short-term personal monetary gain, has come to dominate human society. Its cancerous growth now threatens the human species with extinction (see *The Politics of Money* pages 226-229). Ordinary people in their everyday lives collude in this destruction as they secure their money incomes first, with the never-quite-achieved intention of getting around to thinking about the longer term implications of their impact on the social and ecological infrastructures – eventually.

The chrematistics economy became all-powerful in Western 'civilization' through the mortgaging of land and the creation of money debt secured by landed 'property'. Thus land ceased to belong to the community, but was re-defined as a money-valued asset capable of being held in individual rather than communal ownership. Under the 'modern' economy which evolved at the end of the middle ages, production became geared towards the securing of a monetary reward through trade and exchange so that monetary obligations could be met. There is no reason at all for these monetary obligations to relate to the social or ecological needs of the wider community, and on the whole they do not, in fact, do so. Hence the conventional history of the evolution of western civilisation presents the replacement of feudal ties and obligations with the freedoms of the universal money economy as an unmitigated 'good'. In this scenario, the necessity to respect social and ecological obligations is viewed as objectionably oppressive of the freedom of the individual. The time has come to scrutinise these conventional value-judgements.

The Global Battle to Eliminate Peasant Cultures

In *The Tree of Life* Massingham, sees the degradation of the soil flowing directly from the loss of the social solidarity of peasant farm and creative guild as the productive unit. As good work and responsible ownership of property are reduced to the symbols of money value, human beings become isolated from the living world of nature and the spiritual. An artificial split between work and leisure severs both from the satisfactions that come from the assumption of responsibility and right judgement. "Money divorces spirit and world, spirit and bread, spirit and labour". Meaningless, mindless, soul-destroying labour is accompanied by a mind-numbing mesmerization with the money economy as the only normal, natural and practical way to set about providing for the everyday needs of life. As the fictional orthodox economist Professor Banger explains so authoritatively in Eimar O'Duffy's social credit satire *Asses in Clover*, people are only able to gain an income from employment because somebody refrained from personal consumption, using the money saved up to provide employment and places to work:

"If there were no incentive to such people to save and invest their money, there would be no employment for anybody. We should simply stand around with our hands in our pockets and starve. That was what actually happened in primitive times. There were no capitalists to employ the people so they just sat down and died." (*Asses in Clover* p246).

Tragically, this ludicrous folk lore of the 20th century is firmly rooted in the contemporary psyche. 'Development' is measured in terms of money income from employment. Working for money has become the primary precursor to all other forms of human interaction. It therefore often appears to be a 'good thing' that we have neither the time nor the

need to provide our own food, clothing and shelter. If we think about it at all, we soon convince ourselves that by buying in the things we need, we are giving employment, i.e. a money income to somebody who would otherwise be destitute. Unravelling the complex inter-connections of the modern economy in order to understand our own role within it, may appear a task too daunting to contemplate. However, to shrink from it, putting cash into collecting tins and buying 'as much as possible' from 'fair trade' sources is, quite bluntly, a cop out. Daily, by our actions as economic agents, we are colluding in the devastation of peasant farming cultures across the world. Traditional cultures, evolved over generations to live in harmony with their local landscapes, are being trashed by financially subsidised cash cropping which in turn floods the 'developed' world with 'cheap' foods.

Mapping the Way Ahead

Standing in the path of 'progress' may seem a hopeless, even an empty, gesture. Nevertheless, the time has come, as the Walrus said, "to talk of many things", not least of which are the many writings left as a guide through the seemingly impenetrable haze of problems. In this venture, the three books mentioned in this piece chart interconnections between the natural, human and spiritual worlds. *The Tree of Life* demonstrates the historical role of the Christian (1) perspective in shaping much that is good, valued and positive in global 'civilization'. Through the much neglected medium of the story, *Asses in Clover* provides thought-provoking humour, satirising in comic form the follies of the rising twentieth century. Finally, *The Politics of Money* draws together key ideas and thinkers on the subject of the role of money in the 20th century. The three books constitute a timely review of all that is best in traditional learning. In

reuniting the spiritual with the practical and the intellectual approaches to life, it becomes possible to read and interpret the signs of the times. It is all too easy to be anti-poverty, anti-war, anti-environmental destruction, anti-third world debt, anti-despotism, or anti-terrorism while remaining firmly within the working-for-money world which is the cause of all those problems. In the meantime the little

children of today are growing up to expect the market to provide for their everyday needs, so long as they are single-minded in their dedication to well-remunerated work in the money economy. The buck may well start with the banks, as the man from the Fed. said, but it stops with you.

(1) I take the view that the basic teachings of all major religions have much in common, and could together stand opposed to the secularisation of society.

The Idea of a Local Economy

Wendell Berry (continued from TSC Summer 2003)

To keep the cost of labor low, it is necessary first to entice or force country people everywhere in the world to move into the cities - in the manner prescribed by the United States' Committee for Economic Development after World War II - and second, to continue to introduce labor-replacing technology. In this way it is possible to maintain a "pool" of people who are in the threatening position of being mere consumers, landless and also poor, and who therefore are eager to go to work for low wages - precisely the condition of migrant farm workers in the United States.

To cause the land-using economies to overproduce is even simpler. The farmers and other workers in the world's land-using economies, by and large, are not organized. They are therefore unable to control production in order to secure just prices. Individual producers must go individually to the market and take for their produce simply whatever they are paid. They have no power to bargain or make demands. Increasingly, they must sell, not to neighbors or to neighboring towns and cities, but to large and remote corporations. There is no competition among the buyers (supposing there is more than one), who are organized, and are "free" to exploit the advantage of low prices. Low prices

encourage overproduction as producers attempt to make up their losses "on volume," and overproduction inevitably makes for low prices. The land-using economies thus spiral downward as the money economy of the exploiters spirals upward. If economic attrition in the land-using population becomes so severe as to threaten production, then governments can subsidize production without production controls, which necessarily will encourage overproduction, which will lower prices - and so the subsidy to rural producers becomes, in effect, a subsidy to the purchasing corporations. In the land-using economies production is further cheapened by destroying, with low prices and low standards of quality, the cultural imperatives for good work and land stewardship.

This sort of exploitation, long familiar in the foreign and domestic economies and the colonialism of modern nations, has now become "the global economy," which is the property of a few supranational corporations. The economic theory used to justify the global economy in its "free market" version is again perfectly groundless and sentimental. The idea is that what is good for the corporations will sooner or later - though not of course immediately - be good for everybody.

That sentimentality is based in turn, upon a fantasy: the proposition that the great corporations, in "freely" competing with one another for raw materials, labor, and marketshare, will drive each other indefinitely, not only toward greater "efficiencies" of manufacture, but also toward higher bids for raw materials and labor and lower prices to consumers. As a result, all the world's people will be economically secure - in the future. It would be hard to object to such a proposition if only it were true. But one knows, in the first place, that "efficiency" in manufacture always means reducing labor costs by replacing workers with cheaper workers or with machines.

In the second place, the "law of competition" does not imply that many competitors will compete indefinitely. The law of competition is a simple paradox: Competition destroys competition. The law of competition implies that many competitors, competing on the "free market" will ultimately and inevitably reduce the number of competitors to one. The law of competition, in short, is the law of war.

In the third place, the global economy is based upon cheap long-distance transportation, without which it is not possible to move goods from the point of cheapest origin to the point of highest sale. And cheap long-distance transportation is the basis of the idea that regions and nations should abandon any measure of economic self-sufficiency in order to specialize in production for export of the few commodities or the single commodity that can be most cheaply produced. Whatever may be said for the "efficiency" of such a system, its result (and I assume, its purpose) is to destroy local production capacities, local diversity, and local economic independence.

This idea of a global "free market" economy, despite its obvious moral flaws and its dangerous practical weaknesses, is now the ruling orthodoxy of the age. Its propaganda is subscribed to and distributed by most political leaders, editorial writers, and other "opinion makers." The powers that be, while continuing to budget huge sums for "national defense," have apparently abandoned any idea of national or local self-sufficiency, even in food. They also have given up the idea that a national or local government might justly place restraints upon economic activity in order to protect its land and its people.

The global economy is now institutionalized in the World Trade Organization, which was set up, without election anywhere, to rule international trade on behalf of the "free market" - which is to say on behalf of the supranational corporations - and to overrule, in secret sessions, any national or regional law that conflicts with the "free market." The corporate program of global free trade and the presence of the World Trade Organization have legitimized extreme forms of expert thought. We are told confidently that if Kentucky loses its milk-producing capacity to Wisconsin, that will be a "success story." Experts such as Stephen C. Blank, of the University of California, Davis, have proposed that "developed" countries, such as the United States and the United Kingdom, where food can no longer be produced cheaply enough, should give up agriculture altogether.

The folly at the root of this foolish economy began with the idea that a corporation should be regarded, legally, as "a person." But the limitless destructiveness of this economy comes about precisely because a corporation is not a person. A corporation, essentially, is a pile of money to which a number of persons have sold their moral allegiance. As

such, unlike a person, a corporation does not age. It does not arrive, as most persons finally do, at a realization of the shortness and smallness of human lives; it does not come to see the future as the lifetime of the children and grandchildren of anybody in particular. It can experience no personal hope or remorse, no change of heart. It cannot humble itself. It goes about its business as if it were immortal, with the single purpose of becoming a bigger pile of money. The stockholders essentially are usurers, people who "let their money work for them," expecting high pay in return for causing others to work for low pay. The World Trade Organization enlarges the old idea of the corporation-as-person by giving the global corporate economy the status of a super government with the power to overrule nations. I don't mean to say, of course, that all corporate executives and stockholders are bad people. I am only saying that all of them are very seriously implicated in a bad economy.

Unsurprisingly, among people who wish to preserve things other than money - for instance, every region's native capacity to produce essential goods - there is a growing perception that the global "free market" economy is inherently an enemy to the natural world, to human health and freedom, to industrial workers, and to farmers and others in the land-use economies; and furthermore, that it is inherently an enemy to good work and good economic practice. I believe that this perception is correct and that it can be shown to be correct merely by listing the assumptions implicit in the idea that corporations should be "free" to buy low and sell high in the world at large. These assumptions, so far as I can make them out, are as follows:

1. That stable and preserving

relationships among people, places, and things do not matter and are of no worth.

2. That cultures and religions have no legitimate practical or economic concerns.

3. That there is no conflict between the "free market" and political freedom, and no connection between political democracy and economic democracy.

4. That there can be no conflict between economic advantage and economic justice.

5. That there is no conflict between greed and ecological or bodily health.

6. That there is no conflict between self-interest and public service.

7. That the loss or destruction of the capacity anywhere to produce necessary goods does not matter and involves no cost.

8. That it is all right for a nation's or a region's subsistence to be foreign-based, dependent on long-distance transport, and entirely controlled by corporations.

9. That, therefore, wars over commodities - our recent Gulf War, for example - are legitimate and permanent economic functions.

10. That this sort of sanctioned violence is justified also by the predominance of centralized systems of production, supply, communications, and transportation, which are extremely vulnerable not only to acts of war between nations, but also to sabotage and terrorism.

11. That it is all right for poor people in poor countries to work for poor wages to produce goods for export to affluent people in rich countries.

12. That there is no danger and no cost in the proliferation of exotic pests, weeds, and diseases that accompany international trade and that increase with the volume of trade.

13. That an economy is a machine, of

which people are merely the interchangeable parts. One has no choice but to do the work (if any) that the economy prescribes, and to accept the prescribed wage.

14. That, therefore, vocation is a dead issue. One does not do the work that one chooses to do because one is called to it by Heaven or by one's natural or God-given abilities, but does instead the work that is determined and imposed by the economy. Any work is all right as long as one gets paid for it.

These assumptions clearly prefigure a condition of total economy. A total economy is one in which everything - "life forms," for instance, or the "right to pollute" - is "private property" and has a price and is for sale. In a total economy significant and sometimes critical choices that once belonged to individuals or communities become the property of corporations. A total economy, operating internationally, necessarily shrinks the powers of state and national governments, not only because those governments have signed over significant powers to an international bureaucracy or because political leaders become the paid hacks of the corporations but also because political processes - and especially democratic processes - are too slow to react to unrestrained economic and technological development on a global scale. And when state and national governments begin to act in effect as agents of the global economy, selling their people for low wages and their people's products for low prices, then the rights and liberties of citizenship must necessarily shrink. A total economy is an unrestrained taking of profits from the disintegration of nations, communities, households, landscapes, and ecosystems. It licenses symbolic or artificial wealth to "grow" by means of the destruction of the real wealth of all the world.

Among the many costs of the total

economy, the loss of the principle of vocation is probably the most symptomatic and, from a cultural standpoint, the most critical. It is by the replacement of vocation with economic determinism that the exterior workings of a total economy destroy the character and culture also from the inside.

In an essay on the origin of civilization in traditional cultures, Ananda K. Coomaraswamy wrote that "the principle of justice is the same throughout...[it is] that each member of the community should perform the task for which he is fitted by nature..." The two ideas, justice and vocation, are inseparable. That is why Coomaraswamy spoke of industrialism as "the mammon of injustice," incompatible with civilization. It is by way of the principle and practice of vocation that sanctity and reverence enter into the human economy. It was thus possible for traditional cultures to conceive that "to work is to pray."

Aware of industrialism's potential for destruction, as well as the considerable political danger of great concentrations of wealth and power in industrial corporations, American leaders developed, and for a while used, the means of limiting and restraining such concentrations, and of somewhat equitably distributing wealth and property. The means were: laws against trusts and monopolies, the principle of collective bargaining, the concept of one-hundred-percent parity between the land-using and the manufacturing economies, and the progressive income tax. And to protect domestic producers and production capacities it is possible for governments to impose tariffs on cheap imported goods. These means are justified by the government's obligation to protect the lives, livelihoods, and freedoms of its citizens. There is, then, no necessity or inevitability requiring our government to sacrifice the

livelihoods of our small farmers, small business people, and workers, along with our domestic economic independence to the global "free market." But now all of these means are either weakened or in disuse. The global economy is intended as a means of subverting them.

In default of government protections against the total economy of the supranational corporations, people are where they have been many times before: in danger of losing their economic security and their freedom, both at once. But at the same time the means of defending themselves belongs to them in the form of a venerable principle: powers not exercised by government return to the people. If the government does not propose to protect the lives, livelihoods, and freedoms of its people, then the people must think about protecting themselves. How are they to protect themselves? There seems, really, to be only one way, and that is to develop and put into practice the idea of a local economy - something that growing numbers of people are now doing. For several good reasons, they are beginning with the idea of a local food economy. People are trying to find ways to shorten the distance between producers and consumers, to make the connections between the two more direct, and to make this local economic activity a benefit to the local community. They are trying to learn to use the consumer economies of local towns and cities to preserve the livelihoods of local farm families and farm communities. They want to use the local economy to give consumers an influence over the kind and quality of their food, and to preserve and enhance the local landscapes. They want to give everybody in the local community a direct, long-term interest in the prosperity, health, and beauty of their homeland. This is the only way presently available to make the total economy less total. It was once, I

believe, the only way to make a national or a colonial economy less total. But now the necessity is greater.

I am assuming that there is a valid line of thought leading from the idea of the total economy to the idea of a local economy. I assume that the first thought may be a recognition of one's ignorance and vulnerability as a consumer in the total economy. As such a consumer, one does not know the history of the products that one uses. Where, exactly, did they come from? Who produced them? What toxins were used in their production? What were the human and ecological costs of producing them and then of disposing of them? One sees that such questions cannot be answered easily, and perhaps not at all. Though one is shopping amid an astonishing variety of products, one is denied certain significant choices. In such a state of economic ignorance it is not possible to choose products that were produced locally or with reasonable kindness toward people and toward nature. Nor is it possible for such consumers to influence production for the better. Consumers who feel a prompting toward land stewardship find that in this economy they can have no stewardly practice. To be a consumer in the total economy, one must agree to be totally ignorant, totally passive, and totally dependent on distant supplies and self-interested suppliers.

And then, perhaps, one begins to see from a local point of view. One begins to ask, What is here, what is in me, that can lead to something better? From a local point of view, one can see that a global "free market" economy is possible only if nations and localities accept or ignore the inherent instability of a production economy based on exports and a consumer economy based on imports. An export economy is beyond local influence, and so is an import economy. And

cheap long-distance transport is possible only if granted cheap fuel, international peace, control of terrorism, prevention of sabotage, and the solvency of the international economy.

Perhaps one also begins to see the difference between a small local business that must share the fate of the local community and a large absentee corporation that is set up to escape the fate of the local community by ruining the local community.

So far as I can see, the idea of a local economy rests upon only two principles: neighborhood and subsistence. In a viable neighborhood, neighbors ask themselves what they can do or provide for one another, and they find answers that they and their place can afford. This, and nothing else, is the practice of neighborhood. This practice must be, in part, charitable, but it must also be economic, and the economic part must be equitable; there is a significant charity in just prices.

Of course, everything needed locally cannot be produced locally. But a viable neighborhood is a community; and a viable community is made up of neighbors who cherish and protect what they have in common. This is the principle of subsistence. A viable community, like a viable farm, protects its own production capacities. It does not import products that it can produce for itself. And it does not export local products until local needs have been met. The economic products of a viable community are understood either as belonging to the community's subsistence or as surplus, and only the surplus is considered to be marketable abroad. A community, if it is to be viable, cannot think of producing solely for export, and it cannot permit importers to use cheaper labor and goods from other places to destroy the local capacity to

produce goods that are needed locally. In charity, moreover, it must refuse to import goods that are produced at the cost of human or ecological degradation elsewhere. This principle applies not just to localities, but to regions and nations as well.

The principles of neighborhood and subsistence will be disparaged by the globalists as "protectionism" - and that is exactly what it is. It is a protectionism that is just and sound, because it protects local producers and is the best assurance of adequate supplies to local consumers. And the idea that local needs should be met first and only surpluses exported does not imply any prejudice against charity toward people in other places or trade with them. The principle of neighborhood at home always implies the principle of charity abroad. And the principle of subsistence is in fact the best guarantee of giveable or marketable surpluses. This kind of protection is not "isolationism."

Albert Schweitzer, who knew well the economic situation in the colonies of Africa, wrote nearly sixty years ago: "Whenever the timber trade is good, permanent famine reigns in the Ogowe region because the villagers abandon their farms to fell as many trees as possible." We should notice especially that the goal of production was "as many...as possible." And Schweitzer makes my point exactly: "These people could achieve true wealth if they could develop their agriculture and trade to meet their own needs." Instead they produced timber for export to "the world economy," which made them dependent upon imported goods that they bought with money earned from their exports. They gave up their local means of subsistence, and imposed the false standard of a foreign demand ("as many trees as possible") upon their forests. They thus became helplessly dependent on an economy over which they had no control.

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Such was the fate of the native people under the African colonialism of Schweitzer's time. Such is, and can only be, the fate of everybody under the global colonialism of our time. Schweitzer's description of the colonial economy of the Ogowe region is in principle no different from the rural economy now in Kentucky or Iowa or Wyoming. A total economy for all practical purposes is a total government. The "free trade" which from the standpoint of the corporate economy brings "unprecedented economic growth," from the standpoint of the land and its local populations, and ultimately from the standpoint of the cities, is destruction and slavery. Without prosperous local economies, the people have no power and the land no voice.

Wendell Berry's many books of poetry and prose include *The Unsettling of America*, *What Are People For?* and *Another Turn of the Crank*. His more recent books include *A Place on Earth*, *Life is a Miracle*, and *Jayber Crow*. His recent book of essays, *In the Presence of Fear*, includes this essay and is available through Orion.

Book reviews

Major Douglas: The Policy of a Philosophy

John W. Hughes

Glasgow, Scotland

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When Douglas first published books and articles on social credit in the early 1920s, a frank and open debate on questions of politics and

economics could be freely engaged in by working peoples and intellectuals alike. Indeed, many 'intellectuals' such as A.J. Penty and A.R. Orage, founding fathers of guild socialism, and Douglas himself, were of humble origins. Ideas were thoroughly debated, travelling through study groups rather than one-liner slogans. By the 1930s the flood of social credit literature drew forth a battery of attacks from 'officialdom', from academics, civil servants and politicians determined to maintain the status quo. Invariably, these attacks misrepresented Douglas' case, proceeding to disprove the misrepresentation as if it were the genuine article. In the second half of the 20th century a spate of academic books appeared examining social credit as a historical phenomenon. All were mildly or vehemently hostile to Douglas and social credit, with the one exception of my own, *The Political Economy of Social Credit and Guild Socialism*, co-authored with Brian Burkitt in 1997. Hence this authoritative and sympathetic work by John Hughes is very much to be welcomed, covering, as it does through meticulous and detailed research, the heyday of social credit in the mid-1930s when Douglas toured the world, Aberhart swept to power in Alberta and John Hargrave rallied his Green Shirts in the London Streets.

Interestingly, Hughes takes as his subtitle the central tenet of Douglas social credit. Debates may rage about the relative strengths and weaknesses of the economic ideas of Douglas, Keynes, and other monetary reformers, the A+B theorem and its interpretations, 1931, the causes of war and unemployment, what might have happened 'if ...', and so on. On the whole, these debates are today entered upon by people who have not clarified their agendas. Hence,

more often than not, debates are conducted from totally differing perspectives leading to time-wasting futility. Hughes rightly draws our attention to a speech made by Douglas to a gathering of supporters in 1937. Dismissing the notion that social credit is merely a scheme of monetary reform, Douglas spells out the central plank of his teaching. "Social Credit is the policy of a philosophy", where policy means "action taken towards a recognised and conscious objective". Philosophy is a "conception of reality". Logically, Douglas states his case:

"If there is one thing which seems to me beyond dispute, it is that you cannot have a policy ... , the policy of a country, policy of a race, or of a nation, without having a philosophy behind it. You cannot have a bridge without a model and a drawing behind it, or without having a desire to have a bridge. You might as well say the Sydney bridge just grew although nobody ever said they wanted a bridge. I am absolutely convinced myself that there must be somewhere behind the policy a philosophy, or you cannot have a policy" (p4).

The one central plank of Douglas' teaching was that the only logical way to change the economy was to examine how the existing system worked – what was the policy, how did it operate, and what was the philosophy behind it? From his years of detailed study of the workings of the economy, both in the UK and the international economy, Douglas concluded that the policy being followed in economic and public affairs flowed from the philosophy of the "adulation of money".

"Money is an abstraction. Money is a thing of no value whatever. Money is nothing but an accounting system. Money is nothing worthy of any attention at all, but we base the whole of our actions, the whole of our policy, on the pursuit of money; and the

consequence, of course, is that we become the prey of mere abstractions like the necessity for providing employment."

The understanding of the key role of money in the lives of the individual, the nation and the global economy was, for Douglas, fundamental to the formation of any policy aimed at creating ethical and ecologically sound reforms. For a full understanding of Douglas and the social credit movement, however, we have to set the movement within the context from which it originated and within which it existed. As Hughes demonstrates, Orage was one of the key figures in the social credit movement. Although Hughes makes some reference to other intellectuals and literary figures of the times who quoted social credit favourably, it is the lesser-known Maurice Reckitt who spells out the interconnections:

"The three sociological movements with which I have made contact, national guilds, social credit and distributism, have each, I am still assured, something essential to contribute to any movement for social renewal which will be more than patchwork, doomed to disillusion". (Maurice B. Reckitt As It Happened 1941).

All three 'sociological movements', the national guilds of G.D.H. Cole and R.H. Tawney, social credit, and the distributism of G.K. Chesterton and Hilaire Belloc, shared the same origin in the guild socialism of Pentley and Orage, a 'socialism' which was the very opposite of centralisation and control, and one in which the question of access to, and care of, the land was central.

We owe John Hughes a great debt of gratitude for bringing to light many aspects of the history of Douglas and the social credit movement. Beautifully typeset, indexed and

meticulously presented, the book will be an excellent resource for future historians of social credit and for veteran social credit enthusiasts, providing a source of references and ammunition for debate for many years to come. Just one word of warning, however: for the novice to social credit, or for the more general reader of today, the material is rather too highly specialised for immediate consumption.

Frances Hutchinson

An Essay on the Restoration of Property

Hilaire Belloc

I.H.S. Press, 2002,

pp. 102. \$ 8.95 pbk.

(Originally published 1936).

Notwithstanding all his difficulties, the tiller of the soil still represents the natural order of things willed by God. The farmer knows that man, by his labour, is to control material things; that material things are not to control man. Pope Pius XII (November 15 1948)

"Capitalism only arose after the safeguards guaranteeing well-distributed property, private property, had been deliberately broken down by an evil will insufficiently resisted," observed historian, social critic, novelist and man of letters Hilaire Belloc (1870-1953).

For Belloc, the ownership and control of 'property' – the land as means of production of the necessities of life – is more urgent than the re-distribution of a money income. Along with his fellow 'Distributists', he dismisses financial credit as "a local and ephemeral issue", raising fundamental questions about the practicalities of centralised democratic control of a state monopoly of credit. Belloc cogently argues the case for the distribution of property to as large a number as possible of small owners, urging support in the meantime for the

‘useful work being done by “many others who do not sympathise with our ideals” (98). Here (and in the Preface) he refers to the ‘Douglas Social Credit’ movement. It is worth quoting the Preface passage in full, as it demonstrates the extent to which a writer on another subject can assume general knowledge in the public arena of the issues surrounding Douglas social credit. In his Preface Belloc explains his decision to avoid entering into an extended discussion on “the new schemes of Social Credit”:

“I have just touched on them in the last section of the essay, but only very briefly. My reason is this: that such schemes (notably the chief one, the Douglas Scheme) do not directly advance, nor are directly connected with the idea of property. They are only connected with the idea of income. They propose, especially the Douglas Scheme of credit, to restore purchasing power to the destitute masses of society ruined by industrial capitalism.

“That is exactly what a good distribution of property would also do; but a credit scheme could, in theory at least, do the thing at once and universally, while the restoration of property is unlikely to be achieved, and must, however successful, be a long business, spread over at least a couple of generations. Further, no restoration of property could be universal, applying to the whole of society equally.

“The object of those who think as I do in this matter is not to restore purchasing power but to restore economic freedom. It is true that there cannot be economic freedom without purchasing power and it is true that economic freedom varies in some degree directly with purchasing power; but it is not true that purchasing power is equivalent to economic freedom. A manager at £1,000 a year who may get the sack

at the caprice of his master has plenty of purchasing power, but he has not economic freedom. I do not avoid discussion of the new credit schemes, either from ignorance of them or from underestimating their high importance, but only because they are not to my purpose. If you are trying to persuade people to live on land instead of on the water you need not add a chapter on the art of swimming.” (p20-21).

Here Belloc touches at once on the strengths and weaknesses of the proposals for a universal National Dividend, seen by many as the major plank of Douglas social credit. Then, as now, given the political will, it would be a simple accounting procedure to create a universal citizen’s income (“at once and universally”) which was not employment linked. This would free people from income dependency upon a potentially capricious employer or employing institution. However it could, as Belloc and others rightly observe, be a source of total oppression if administered under monopoly state control. Hence Douglas’ insistence that he was not proposing a universal scheme, but merely suggesting that people think about the financial circumstances which control their everyday lives with a view to becoming pro-active rather than re-active economic agents.

Indeed, Douglas would wholeheartedly agree with Belloc:

“We can spread, (and it is the duty of every good citizen to spread), a knowledge of the arbitrary power possessed by modern banks, and proclaim the duty of controlling it. That general action is open to us, and of great service it is. But we cannot rapidly produce a well divided control of credit nor attack on any ready-made plan the gigantic network of credit control which has arisen almost within living memory and half strangles society. What we can do is

to establish small co-operative credit institutions duly chartered and legally protected from attack. Meanwhile, any development of the guild system would modify the position of the banks and weaken their monopoly” (p98).

What is fascinating and disconcerting, however, is that the editors of this 2002 IHS edition of Belloc’s essay seem as unaware as Belloc himself of the common debt of Distributism and Social Credit to Orage’s guild socialism. The general drift of social credit thought is towards freedom from wage (and salary) slavery, consumerism, over-production and war and towards good work, sufficiency and economic security. Although there are strengths and weaknesses in both reform movements, we must turn to ‘outsiders’ like Massingham to clarify the common strengths in order to create a common agenda. All too often the tendency has been to stress differences and (often misunderstood) weaknesses rather than unity against a common ill.

Capitalism has been only too successful in driving home the misconception that economic life, money and wealth-creation, should dominate social decision making.

IHS press are to be commended for bringing faith-based alternative texts once more into the public arena as a basis for informed debate.

With thanks to [Peter Mercer](#).

The Algebra of Infinite Justice
Arundhati Roy (Flamingo, £8.99);
Stupid White Men
Michael Moore (Penguin, £7.00)

You can almost see Michael Moore, excoriator of the American elite’s self-interest and the fatalistic shoulder-shrugging of those crouched below them, thumping the table with

frustration. The challenge, he says, quoting Noam Chomsky, is to make politics as gripping and engaging as sport.

One understands what he means but, please God, no. American politics, for all its chicanery and covert racism (173,000 black voters mysteriously erased from the Florida register just before the Bush-Gore contest) stands like picnic beside the gripping blood-drenched skulduggery of Indian powermongering.

Arundhati Roy's collection of essays will come as a severe jolt to those who view the larger portion of the sub-continent as a lumbering, eccentric, colourful and essentially cheerful testament to the soothing virtues of democracy. The Booker prize-winning author presents us, instead, with a viciously-skewed society in which religious fascism is used to distract the impoverished, while the top dogs squander the country's wealth on mind-boggling expensive development schemes which largely benefit themselves and First World bankers. Between 1993 and 1998, India paid back to Western donors \$1.475b more than it received. It takes guts to write this stuff. Three years ago, semi-official anti-Muslim riots killed maybe as many as 2,000 Gujaratis; Ehsan Jaffri, a former Congress Party MP and critic of the state's Hindu nationalist chief minister, was dragged from his home, dismembered and tossed on a bonfire. Ms Roy notes that it took the Indian prime minister Shri Atal Vajpayee (of the sinister Bharatiya Janata Party) a month to visit the refugees.

A recent biography of Viscount Curzon, one of the most glamorous of Viceroy's, gave a rather downbeat assessment of the Raj's impact on average Indian incomes: viz, that they advanced not one rupee over the 200 years of Empire. It could be said that after half a century of independence the Raj's successors have a fairly spotty record themselves. Four hundred million of India's 700 million citizens remain illiterate and

live in absolute poverty. Over 200m have no clean drinking water. Seventy per cent of rural households have no power. The country is ranked 138th out of 175 in the Human Development Index. Faced with these cold facts, the outsider finds it hard to quarrel with the argument that a multi-billion dollar Indian hydrogen bomb is, at best an unnecessary luxury, at worst a bad joke.

At least nobody expects a return on nuclear warheads. 'Development', on the other hand, is supposed to spread prosperity. Here again Ms Roy has bad news for the optimists. The billions of dollars-worth of aid India has received has served primarily, she alleges, to feather-bed a middle-class of architects, surveyors, engineers, consultants, builders and politicians while the man-in-the-oxcart remains locked in medieval penury. One is tempted to add, "if he is lucky". Dam building is a feverish business hereabouts, with 3,300 erected since independence; the most conservative estimate is that this has flushed 33 million riverbank residents into either scrappy resettlement centres or, more likely, city slums.

The dams themselves do not seem to do much good. There are more flood and drought-prone areas than there were in 1947 and, by one calculation, dams have only contributed a 12 per cent increase to agricultural production, close to the proportion of output which is consumed annually by mice and insects. Why not, Ms Roy suggests, spend an infinitely more modest amount on improved storage facilities (and perhaps mousetraps)?

The author is not the only one to have reservations about dams. In 1992 the World Bank, a part-funder of the colossal Sardar Sarovar projects on the Narmada river, was so unnerved by local protests that it ordered an investigation which prompted it, finally, to withdraw a \$200m loan. Eight years later, the World Commission of Dams, headed by Nelson Mandela, was equally

unimpressed by their usefulness. The Indian Government, which has failed to produce any cost-benefit analyses of its own, first refused to let the WCD hold public meetings, then rejected its conclusions. The state's arrogance reminds Ms Roy of the Vedic Hindu tradition that lesser mortals who overhear a sacred text should have their ears stopped with molten lead.

She pins her (faint) hopes on India's "inherent anarchy and factionalism" thwarting the megalomania of Delhi's scheming Brahmins. One of Mr Moore's solutions is to urge America's blacks, presumably disenchanted with the upper-caste whites who run their country, to emigrate to Barbados. Among the statistics in his witty and and perceptive book: two-thirds of Bush's \$190m election campaign was bankrolled by just 700 people; 33 million Americans are illiterate; black levels of unemployment have been twice those of whites since 1954; and black women are four time more likely than white women to die when giving birth.

Any blacks (or whites) not tempted by the Caribbean should, Moore urges, at least infest Ralph Nader's Green Party. He has given up on the Democrats in the same way as Ms Roy has given up on the Indian establishment. Both praise the small people who are prepared to stand up to authority. In Ms Roy's case, these are the tens of thousands of riparian peasants prepared to put their bodies, and sometimes lives, on the line to protect a primitive but dignifying lifestyle. Mr Moore's heroes include the thousands of emailing American librarians who shamed HarperCollins into distributing a book they had intended, after September 11, 2001, to quietly pulp. *Stupid White Men* is currently in its 43rd printing.

Erlend Clouston is a freelance journalist who worked for the Guardian newspaper from 1979 to 1997.

Recommended Reading

Tribute (1934) to A R Orage

By the Very Reverend Hewlett Johnson DD

With the death of Alfred Richard Orage we lose a highly valued friend and a writer whose notes on current affairs had a grip which few equalled and none surpassed. It began with those arresting articles in the *New Age* in 1919, where Orage first interpreted and commended the Douglas analysis. For clarity of statement and passion of utterance we have never met their like: the greatest theme in the world of affairs had found an appropriate voice; the intricacies of the analysis had been grasped by one of the acutest minds of our age, and the resulting Social Credit Movement had enlisted for its driving force a passionate and genuine reformer armed with a very wizardry of words and images.

Orage compelled attention. There were reasons for it, reasons in character and reasons in circumstance. It was not for nothing that the small Alfred at school had saturated himself with the noblest English literature, or walked fourteen miles after hours of work to attend art classes in Cambridge: the artist was early awake. Nor was it for nothing that the small boy grew up in straitened circumstances and spent his early years amidst the hardships of an industrial town: the reformer grew out of wide sympathies and great compassions and advanced side by side with the artist.

Neither can we regard the meeting itself of Douglas and Orage as mere accident. Truth has a curious way of finding its fitting organ of expression, and what Douglas lacked Orage supplied. Could any other have supplied it equally well? When Social Credit wins the world, as win it will, in fact if not perhaps in name, then the world will recognize at last the debt it owes to Alfred Richard Orage.

Perhaps his passing, too, is less of an accident than we suppose. The cause of Social Credit which he loved and for which he died begins at last to move under its own steam; the passing of its earliest champion is a challenge to all who knew it to be founded upon truth. It bids us leave our leisure and security and follow where he led. His spirit seeks, and shall find, embodiment in us.

From The New English Weekly 15 November 1934

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Frances Hutchinson & Brian Burkitt
The Political Economy of Social Credit And Guild Socialism



H J Massingham
The Tree of Life



Alan D Armstrong
To Restrain the Red Horse

Frances Hutchinson
Social Credit? Some Questions Answered

Books by Major C H Douglas
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Social Credit
The Monopoly of Credit
Warning Democracy
Credit Power and Democracy
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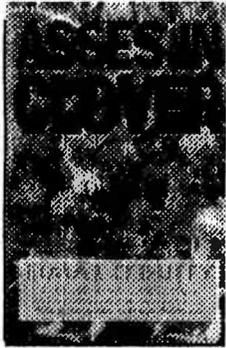
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Asses in Clover

Eimar O'Duffy

A richly comic indictment of politics, economics and social pretensions through science fiction fantasy.



Eimar O'Duffy (1893-1935), a major Irish satirist, poet, playwright and novelist, has been undeservedly neglected. In addition to his literary works he produced the alternative economics text *Life and Money* (1932) which ran to several editions, and *Consumer Credit* (1934). Both texts spell out the economics of social credit.

Asses in Clover forms the final book of O'Duffy's Cuanduine trilogy of satirical fantasy. This has been described as "one of the most ambitious and brilliantly works penned by an Irishman in the 20th century". With great humour, O'Duffy's fury is turned against the press and media, mainstream economists and, above all, against the ordinary person who is content to seek narrow, short-term, self-interested ends, sold on the work ethic and refusing to stop and consider the wider long-term picture. The alternative economist C.H. Douglas described O'Duffy as "an economist of no mean order, combining a typical Irishman's hatred of pomposity with a delicate sense of proportion". Although the terminology may be slightly outdated, O'Duffy's writing, like that of many major thinkers of the first half of the 20th century, including H.J. Massingham, G.K. Chesterton, Hilaire Belloc and many others, continues to provide a touchstone of reality, remaining entirely relevant to the ongoing globalisation debate.

The Tree of Life by H.J. Massingham, (originally published 1943, current edition published by Jon Carpenter, 2003, ISBN 1-897766-85-8, £13.99)

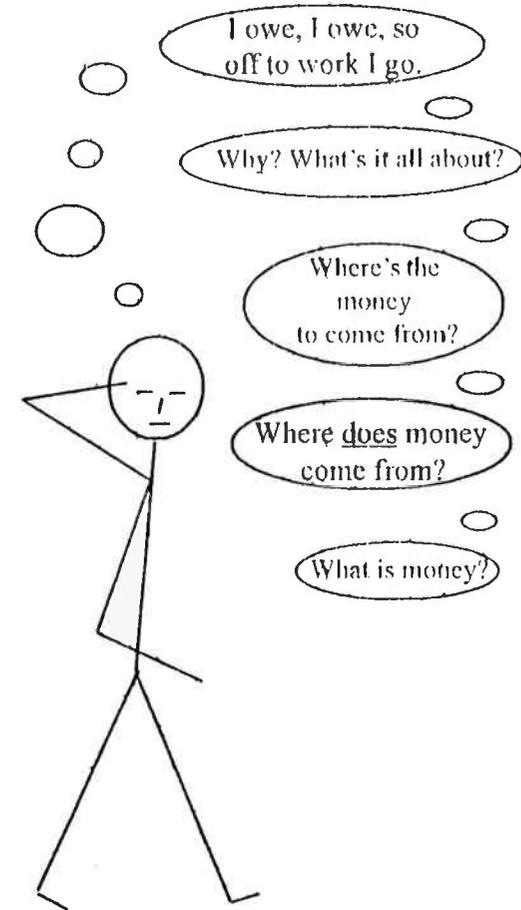
Asses in Clover by Eimar O'Duffy, (originally published in 1933, current edition published by Jon Carpenter, 2003, ISBN 1-897766-86-6, £11.00)

The Politics of Money: Towards Sustainability and Economic Democracy by Frances Hutchinson, Mary Mellor and Wendy Olsen, published by Pluto Press, 2002, ISBN 0-7453-1720-0, £16.99)

For further information about the three books, and for a complimentary copy of *The Social Crediter*, the official quarterly journal of the Social Credit Secretariat, please contact:

The Social Credit Secretariat
PO Box 132 Silsden, Keighley
BD20 0YE, UK
01535 654230
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www.dougllassocialcredit.com

Three books - one message



Three books - many answers

Secular values have become the new religion. Spiritual, ethical and artistic values have been relegated to second place, with priority being given to a right relationship with *money*. Money decides what people will produce, and hence what they will consume. Individuals have little opportunity to decide what they will produce, or to design the products they will eat, wear and surround themselves with.

The money system is now more powerful than old-style religions. It is powerful enough to tolerate, and even encourage, a certain number of individual protestors and 'gurus', whether a Gandhi, Prince Charles or Schumacher. That toleration will continue so long as there is little joined-up thinking in the expressions of protest. Hence the route towards sustainable solutions would appear to be through a host of inter-connections.

In that project, the starting point must be a re-assessment of the past, a reclamation of our history through visiting the work of a variety of writers within a common context, rather than focusing on an individual. In this, *The Tree of Life* provides a starting point, referring, as it does, to writers from Plato and Aristotle to Cobbett and Chesterton in the 20th century, including the Bible and Shakespeare. If with less elegance, *The Politics of Money* is written on the same principle, though it focuses on the history of money in the economy. Although a work of fiction, *Asses in Clover* lays down the story line common to the other two works. Furthermore, it is highly entertaining at a time when light relief is not only welcome but also a valuable aid to constructive thought.

The Tree of Life

H.J. Massingham

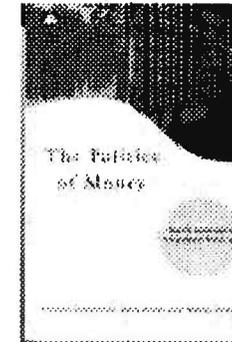


In *The Tree of Life* Massingham describes the unstoppable tide of vandalism being unleashed against the natural and sacred worlds by the forces of globalisation. His passionate concern for the ecology of the English countryside, his faith-based sense of the integral wholeness of nature and his great learning are brought together in this masterpiece, first published in 1943.

The last half century has seen concerted efforts by the forces of globalisation to dismiss opposition to 'progress' as impractical, idealistic and medieval. Drawing upon his extensive scholarship in theology, poetry, literature, the arts, folk culture and economics, Massingham opens up fresh dimensions on the traditional relationship between the English people and their countryside. Arising from his work on the land alongside its people, his practical perspective is one that can be shared by indigenous farmers across the world as they continue to struggle against the blind forces of globalised finance. He predicted that eventually local responsibility for the land would offer the only alternative to universal degradation of land and community.

The Politics of Money: Towards Sustainability and Economic Democracy

Frances Hutchinson, Mary Mellor and Wendy Olsen



The Politics of Money has been designed to provide the lay person with an overview of the workings of the money economy. On the whole, mainstream economists pay very little attention to the role of money in economic policy formation.

In their view, economics is about the allocation of scarce resources. In this scenario, money is simply a useful tool for storing and exchanging value.

The Politics of Money opens with a review of the role of money in current society, an overview of the history of money creation and a critique of the main theoretical developments in economic thought. Alternative perspectives on money are then presented through a review of a number of radical perspectives but focussing mainly on the work of Marx, Veblen, Douglas and the guild socialists. In the final part of the book contemporary monetary theories and experiments are analysed within the theoretical and historical perspectives provided in the earlier chapters. The main argument of the book is that it is necessary to understand the crucial role of finance in driving the 'free market' economy if a democratic and sustainable economy is to be achieved.