

The SOCIAL CREDITER

For Economic Democracy

Quarterly Volume 82 No. 4 Spring 2005

Editorial

“The earth is finished”, is the stark conclusion reached by the environmental editors and correspondents for *The Independent*, *the Daily Telegraph* and *The Guardian*. At the end of a long article in *The Tablet* (12 February 2005), Michael McCarthy of *The Independent* spelled out the conclusions reached at the international conference on climate change held by the British Government at the headquarters of the UK Met Office in Exeter. Dismissing some earlier ‘scare stories’, McCarthy states: “whatever flapping, floundering efforts humankind eventually makes to try to stop it all, the great ice sheets will melt, the seas will turn acid, and the land will burn.” A depressing conclusion. And yet – that still small voice of faith lingers, that the bruised reed will not be broken, the flickering flame not finally extinguished. The question is – what can be done? And by whom?

It is useless to look to governments for change. The US administration has consistently refused to ratify the Kyoto Agreement on economic grounds. Big business and academia support that conclusion, and rightly so. As we have demonstrated in *The Politics of Money*, the global free-market economy exists *because* it ignores social and environmental costs. Hence it falls to ordinary people to become well-informed about the ways in which their own

lives, and those of their families, colleagues and friends, impact upon the local and global environment through their getting and spending of money. For, ultimately, it is the host of individual decisions and actions which is leading to global disaster. At present, most of us simply do not know what we are doing, and hence how we might change. As Rudolph Steiner commented: “How can a person form an opinion about a subject of which he declares himself ignorant?” Yet as economic actors we do just that every day of our lives in our endorsement, as producers and consumers, of the economic *status quo*.

Fortunately, here at the Social Credit Secretariat in Yorkshire, UK, we have already amassed a considerable body of materials which can be made available to individuals and groups seeking greater understanding of the money system and their role within it. In addition to the collection of 2,500 books on economics, ecology, social, cultural and spiritual issues, we have articles, pamphlets, study guides and other introductory materials. We can provide a review of available resources according to your own background and interests, or those of a group with which you are associated. We have contact details for potential speakers in the UK. Some of our material originated in the work of CH Douglas and his associates, while the rest, coming from a wide variety of sources, is consistent with social credit philosophy.

My warmest thanks go to all the

social crediters and other colleagues who continue to send in books, pamphlets and other study material. Over the past year thanks are particularly due to Jack Hornsby (UK), Vic Bridger (Australia) and Wallace Klinck (Canada).

While people across the globe are prepared to fight the system from an informed standpoint, hope must remain that sanity will prevail. Writing from prison a few years ago, Stellan Vinthagen made the startling suggestion that “obedience is the root of all evil – worse even than war or oppression, because it makes all these things [war and oppression] possible. We have to claim individual and collective responsibility for what we choose or choose not to do”. Responsible disobedience must always, however, be undertaken from a well-informed standpoint. Otherwise it serves the dark forces of misrule as effectively as condoning in blind obedience a market economy which is systematically destroying humanity’s God-given life support systems. It is the task of the Social Credit Secretariat through these pages and the website, to make it possible for activists and researchers to access the resources necessary for this task.

In this issue

Page 38

Tsunami and Market Economy

Page 39

The BBC Broadcast on Social Credit

Page 43

The Social Credit Case for a Citizen’s Income

Page 45

Obedience is the Root of all Evil

The Way Forward

Page 46

Book Reviews

Tsunami, Mangroves and Market Economy

Devinder Sharma

As the first news reports of the devastation caused by the tsunami killer wave began to pour in, a newsreader on Aaj Tak's *Headline Today* television channel asked his correspondent reporting from the scene of destruction in Tamil Nadu in south of India : "Any idea about how much is the loss to business? Can you find that out because that would be more important for our business leaders?"

Little did the newscaster realise or even know that the tsunami disaster, which eventually turned out to be a catastrophe, was more or less the outcome of faulty business and economics. The magnitude of the disaster was exacerbated by neoliberal economic policies which pushed economic growth at the expense of human life. It was the outcome of an insane economic system – led by the World Bank and IMF – that believes in usurping environment, nature and human lives for the sake of unsustainable economic growth for a few.

Since the 1960s, the Asian sea-coast region has been plundered by the large industrialised shrimp firms that brought environmentally-unfriendly aquaculture to its sea shores. Shrimp cultivation, rising to over 8 billion tonnes a year in the year 2000, had already played havoc with the fragile eco-systems. The 'rape-and-run' industry, as the Food and Agricultural Organisation of the United Nations (FAO) once termed it, was largely funded by the World Bank. Nearly 72 per cent of the shrimp farming is confined to Asia.

The expansion of shrimp farming was at the cost of tropical mangroves — amongst the world's most important ecosystems. Each acre of mangrove forest destroyed results in an estimated 676 pounds loss in marine harvest. Mangrove swamps have been nature's protection for

the coastal regions from the large waves, weathering the impact of cyclones, and serving as a nursery for three-fourths of the commercial fish species that spend part of their life cycle in the mangrove swamps. Mangroves in any case were one of the world's most threatened habitats but instead of replanting the mangrove swamps, faulty economic policies only hastened their disappearance. Despite warning by ecologists and environmentalists, the World Bank turned a deaf ear.

Shrimp farming continued its destructive spree, eating away more than half of the world's mangroves. Since the 1960's, for instance, aquaculture in Thailand resulted in a loss of over 65,000 hectares of mangroves. In Indonesia, Java lost 70 per cent of its mangroves, Sulawesi 49 per cent and Sumatra 36 per cent. So much so that at the time the tsunami struck in all its fury, logging companies were busy axing mangroves in the Aceh province of Indonesia for exports to Malaysia and Singapore.

In India, mangrove cover has been reduced to less than a third of its original in the past three decades. Between 1963 and 1977, the period when aquaculture industry took root, India destroyed nearly 50 per cent of its mangroves. Local communities were forcibly evicted to make way for the shrimp farms. In Andhra Pradesh, more than 50,000 people were forcibly removed and millions displaced to make room for the aquaculture farms. Whatever remained of the mangroves was cut down by the hotel industry. Aided and abetted by the Ministry of Environment and Forests and the Ministry of Industries, builders moved in to ravage the coastline.

Five-star hotels, golf courses, industries, and mansions sprung up all along the coast disregarding

the concern being expressed by environmentalists. These two ministries worked overtime to dilute the Coastal Regulation Zone (CRZ) norms thereby allowing the hotels to even take over the 500 meter buffer that was supposed to be maintained along the beach. In an era of market economy, that was reflected through the misplaced 'Shining India' slogan, the bureaucrats are in league with the industrialists and big business interests. Much of the responsibility for the huge death toll therefore rests with the government and the free market apologists.

A tourism boom in the Asia-Pacific region coincided with the destructive fallout of the growth in shrimp cultivation. Over the last decade, tourist arrivals and receipts rose faster than any other region in the world, almost twice the rates of industrialized countries. Projections for the year 2010 indicate that the region will surpass the Americas to become the world's number two tourism region, with 229 million arrivals. What is being projected as an indicator of spectacular economic growth hides the enormous environmental costs that these countries have suffered and will have to undergo in future.

In the past two decades, the entire coastline along the Bay of Bengal, Arabian Sea, and Strait of Malacca in the Indian Ocean and all along the South Pacific Ocean has been a witness to massive investments in tourism and hotels. Myanmar and Maldives suffered much less from the killing spree of the tsunami because the tourism industry had so far not spread its tentacles to the virgin mangroves and coral reefs surrounding the coastline. The large coral reef surrounding the islands of Maldives absorbed much of the tidal fury thereby restricting the human loss to a little over 100 dead. Coral reef absorbs (contd. on page 42)

The BBC Speech on Social Credit

Broadcast in the *Poverty in Plenty* Series

5 November 1934

A R Orage

Though most of you, I understand, are students of economics, I shall try to use only simple and everyday words.

For instance, instead of the abstract terms, Plenty and Poverty, I shall contrast England as Producer with England as Consumer; or England as Manufacturer and Shopkeeper with England as Shopper. For if we are a nation of shopkeepers, we are also a nation of shoppers.

Imagine a plate-glass window stretching from John O'Groats to Lands End; and, on the inside of it, all the goods that England makes, and, on the outside, the forty or fifty millions of us still flattening our noses against the pane, just as we did when we were children..

As it costs us nothing, let us enter the shop and have a look round.

The first thing that strikes us is the staggering variety of the goods on sale. Nature is prolific in having created about half a million species of living creature; but the British genius has invented even more kinds of goods, and is still going on inventing. A collective sales catalogue of all our shops would probably run to a million items. I happened to see that two hundred kinds of English apple were put on the market this year; and one London store—you may be glad to hear—stocks no fewer than forty-three different varieties of lipstick.

If we ask the shopkeeper whether, and for how long, he can undertake to keep up the supply of three million varieties of Goods, he may show us first, a line of warehouses all bulging with goods ready for the shop window; and, behind the line of warehouses, a line of factories and workshops; and behind those,

quarries and mines and farms; and behind these, laboratories and research schools; and finally, behind them all, the British people themselves, with their character, industry, genius and history. With these resources, our shopkeeper says, he can undertake to keep up a practically unlimited supply for a practically unlimited future. And we can take his word for it.

As we stroll round the works, we notice how relatively few workpeople there are about. This relative, and, as we know, progressive depopulation of industry is due, of course, to applied Science. Applied Science seems to have made its mission in life to lift the curse laid on Adam and to transfer work from the backs of Men to the broader backs of Nature's other forces—steam, electricity and ultimately, perhaps, to atomic energy. For an ever-increasing output of Goods—both in variety and in quantity—the brains of the Few are dispensing more and more with the brawn of the Many.

Before leaving the premises we must remark one very important detail. All the Goods on Sale bear a Price-label. And it appears that two processes of manufacture are carried on in England's workshop simultaneously. One is a visible stream of real Goods, and the other is an almost invisible stream of figures in the form of Prices. These two streams, though independent, flow side by side, and, in the shop-window, they unite as real Goods with their Price-labels on.

As a matter of curiosity, let us ask the shop-keeper what is his estimate of the collective Price-value of all the Goods in the window.

Without vouching for the exact figure, he says he reckons their collective

value at not less than five hundred million pounds. And he adds that the collective Price-values created in a fair year of Production might be as much as ten thousand million pounds; and that, working to capacity, it might be double that in a single year.

Feeling both terribly rich and terribly poor, let us now leave the shop of Plenty, and join the rest of the forty or fifty million would-be shoppers outside.

What a change of scene! In contrast with the productive system we have just left, where all is cooperation, reason and Applied Science, we find a struggling mob in place of a disciplined army of technicians. Everybody seems to fighting everybody else; and most of us seem to be getting the worst of it.

What is the trouble about?

Let us not be self-deceived. You and I know very well. It's about Money. If 98 per cent of the legal crime of England is admittedly due to Money, we may safely assume that a very large proportion of the crime of which the law takes notice is due to the same cause.

Now what is this Money we are all quarrelling about? If you will stick to your own experience you will realise that Money is only a ticket authorising you to go shopping in the emporium we have just left. The only difference between, say, a railway-ticket and a Money-ticket is that a railway ticket is good only for transport, while a Money-ticket is universal and good for anything in the whole shop, up to its stated value in Prices.

And the reason why Money is

important, and, so to say, worth quarrelling about, is that Money-tickets are just as indispensable to our shopping as our shopping is indispensable to our lives. The Aladdin's Cave we have just left will open to no other pass-word. Money is the accepted and legal tender of life today in modern society.

What air was to the unhappy people shut up in the Black Hole of Calcutta Money-tickets are to the forty or fifty million of us shut up in the present financial system.

Now where do these indispensable Money-tickets come from? And how do we get hold of them? And why are there just so many of them about, sometimes more and sometimes less?

You will remember that in the shop we visited we found two streams in flow; a stream of real Goods and a parallel stream of Price-figures.

We have now to add a third and last stream; a stream of Money-tickets. And we can now say that just as all the real Goods and Price-values come out of the Productive system, so all the Money-tickets with which to buy the Goods come out of the Productive system also. And they come to the shopping public in one of three forms: Wages, Salaries and Dividends; the sum of which forms the Monetary Income of the nation. This Money Income of the nation, derived from the Productive system for services rendered, is the only shopping-fund the nation as shopper possesses. It is all the Money-tickets the nation receives with which to buy the Price-values the nation has created. These shopping-tickets are more when the works are busy, and less when the works are slack; but their number is always regulated by the activity of the Productive system.

How these Money-tickets that come out of the Productive system get into the Productive-system is a simple matter. They are put in, in the form

of loans, by private Money-ticket factories, called Banks, which have an exclusive monopoly of Money-ticket manufacture. We must surely have noticed in our tour of England's workyard a number of elegant buildings to which some producers were always running to borrow tickets and others were running to return them. They are the Banks, where the Money-tickets come from, and to which they return.

Our immediate interest, however, is to compare the number of Money-tickets, not that are poured into industry, but that trickle to the shopping nation out of industry, with the Price-values created in the shop in the same period.

Obviously if the Money-tickets issued to shopping England were the exact equivalent of the Price-values created by shop-keeping England, the collective Monetary Income of the nation would be able to buy the collective Price-value of the Goods produced. We might dispute about the distribution of the tickets, but collectively, at least, there would be enough of them to buy our total Production.

The problem of equating the nation's means of Consumption with the nation's means of production would be solved if every addition to Price-value resulted in an equal addition to Income.

But what we find, in fact, is that the Monetary Income of the nation, derived from the Productive system in the form of Wages, etc., is not equivalent to the Price-values created in the same period. The two streams of Prices and Income do not move at the same rate and volume. The stream of Price-values to the shop-window moves much faster than the stream of Money-tickets to the shopping public, with the result that the annual collective shopping tickets of the nation, called its Income, are insufficient to meet the collective

annual Price-values created in its shop.

Now this is a matter of fact and not of theory; and it can be proved by simple arithmetic. Our shop-keeper, for instance, has told us that, at a rough estimate, our annual output of Price-values is ten thousand million pounds and probably more. And our taxing officials tell us, more accurately, that our annual Monetary Income is about two thousand five hundred million pounds. As four is to one, so is our output of Price-values to the Money-tickets with which to meet them. The nation's means of Consumption measured in Money-tickets, in short, is no more than a quarter of its means of Production measured in Prices.

Here, I believe, in this gap between Income and Prices, is the root-cause of our present difficulties. On the two provable assumptions: (a) that the Money-tickets distributed as Income to shoppers are our only title to go shopping—that is, to live; and (b) that the total number of tickets distributed among us is only enough to meet a quarter of the Price-values of the Goods in our shop—we can easily understand why we have to fight each other for tickets; why everybody looks for employment in the factory or, alternatively, for somebody to give tickets to him; why there are always more Goods than Buyers; and finally, why no Socialist scheme for taxing the rich, no "Communist" or Fascist scheme for administering the workshop, and no amount of Planning of Production can be of the least use so long as this Gap between Prices and Incomes remains.

And when we add that this gap is constantly widening with the progressive relative depopulation of the Productive system you will realise that our progress is towards the absurdity of a Maximum of Production and a Minimum of Consumption. Only, long before then, something will break, as in fact, it is breaking all around us. Now while the

fact of the Gap is the important thing, the explanation of the gap offered by Major Douglas appears to me to be convincing. He says that much of the money put into the Productive system as bank-loans never, in fact, gets out as Income during the same period in which it is put in. It is used simply to transfer capital Goods from one factory to another, and thus while it adds to the Price-stream, it does not add to the income of us shoppers.

If you ask, quite naturally, how in that case the Goods are ever sold at all, the answer is that there are more ways of killing a cat than choking it with butter. The Gap can be artificially bridged even if it is not actually closed.

For instance, Goods can be wilfully destroyed. Or they can be practically given away under the compulsion of bankruptcy. Or they can be disposed of in return for acknowledgement of debt, that is to say, by mortgaging our future income of Money-tickets.

Incidentally, every single one of us is in debt at this moment to the tune of about five hundred pounds apiece. But the most effective means of all is to distribute shopping-tickets on account of the production of Goods that never get into the shop-window at all, by Exports on Credit, by Capital Construction, and by Public Works such as roads—all of which provide Incomes without simultaneously adding to the Goods on Sale. By receiving Wages, in short, for the production of Goods we can't buy, we acquire the tickets with which to buy the Goods that can be bought.

But whatever the explanation, the fact of the ever-widening gap remains; and the vitally important question is what we are going to do about it?

Without discussing, merely to dismiss them, proposals that are either irrelevant to the real problem, or would only make it worse, it ought to be clear that our aim must be to

close the gap between total Prices and total Incomes. And this can be effected only by either reducing Prices or raising Incomes till they are equivalent.

But this clearly necessitates a change of policy in regard to our whole Price and Money system. It involves the restoration to the community of control of its whole Money-ticket system. And it involves the institution of what we may call a National Credit Account, in which the Price-values created in the shop and the Money-tickets distributed for shopping would be kept constantly balanced.

The institution and keeping of such a National Credit Account would not necessarily require the nationalisation of the administration of the present Banks. On the contrary, it is only their policy we need to put under national control. The present Banks could just as efficiently carry out a National policy as they now carry out a private policy.

Then we have to find another means than direct Employment for the distribution of Money-tickets to the nation as shoppers. Employment for everybody is increasingly impossible in a Productive system that is becoming increasingly technical; and again, since Employment automatically increases Price-values faster than it increases Incomes, Employment widens rather than narrows the gap.

Social Creditors believe that as the Wage-system becomes obsolescent, thanks to the progressive depopulation of Industry, Dividends should gradually take the place of wages; so that as the Machine displaces Men, the wage-income previously paid to the displaced men, continues to be paid to them by the Machine that has displaced them. If the Machine does the work of one hundred men, its production is obviously enough to pay one hundred men's wages. The Dividend is the

logical successor of the Wage.

Lastly, we need a scientific Pricing-system that shall automatically, so to say, ensure the fall of prices with the rise of Production, and, conversely, the rise of prices with the fall of Production. At present, retail prices come to us laden with the charges for the depreciation of Capital plant, but never off-set and compensated by the appreciation of capital plant that has also taken place. Retail prices, credited with the difference between total Appreciation and total Depreciation, would, we believe, give us the scientifically Just Price.

I need not say that I do not expect you to accept these suggestions all at once. You will find them explained in the books I have recommended—in the Douglas manual and in *This Age of Plenty*.

But in conclusion, and by way of giving zest to your studies, I would only remind you of this historic date, and warn you that in the gap disclosed between Price-values and Income is enough gunpowder to blow up every democratic parliament.

A R Orage was the editor of the *New Age: A Weekly Review of Politics, Literature and Art*, 'the best and liveliest weekly. It carried no advertisements...' (Augustus John) C H Douglas's first major work, *Economic Democracy* appeared serially in *New Age* before publication in 1920. Douglas also made a BBC broadcast in the *Poverty in Plenty* series in November 1934, entitled 'The Causes of War'. (Text and recording available from the Secretariat)

Anybody who in one and the same breath professes to understand the existing Money-system and to be unable to understand Douglas is either wrong about the first or has never given his mind to the second.

A.R Orage

(contd. from page 38)

the sea's fury by breaking the waves. The tragedy however is that more than 70 per cent of world's coral reef has already been destroyed.

The island chain of Surin off the west coast of Thailand similarly escaped heavy destruction. The ring of coral reef that surrounds the islands did receive some punching from the furious waves but kept firm and thereby helped break the lethal power of the tsunami. Mangroves help to protect offshore coral reefs by filtering out the silt flowing seawards from the land. Tourism growth, whether in the name of eco-tourism or leisure tourism, decimated the mangroves and destroyed the coral reefs.

If only the mangroves were intact, the damage from the tsunami would have been greatly minimized. Ecologists tell us that mangroves provide double protection – the first layer of red mangroves with their flexible branches and tangled roots hanging in the coastal waters absorb the first shock waves. The second layer of tall black mangroves then operates like a wall withstanding much of the sea's fury. Mangroves in addition absorb more carbon dioxide per unit area than ocean phytoplankton, a critical factor in global warming.

It happened earlier in Bangladesh. In 1960, a tsunami wave hit the coast in an area where mangroves were intact. There was not a single human loss. These mangroves were subsequently cut down and replaced with shrimp farms. In 1991, thousands of people were killed when a tsunami of the same magnitude hit the same region. In Tamil Nadu, in south India, Pichavaram and Muthupet with dense mangroves suffered low human casualties and less economic damage from the Dec 26 tsunami. Earlier, the famed mangroves of Bhitarkanika in Orissa (which also serve as the breeding ground for the olive-ridley turtles) had reduced the impact of the 'super cyclone' that had struck in Oct 1999, killing over 10,000 people and

rendering millions homeless.

The epicenter of the Dec 26 killer tsunami was close to Simeuleu Island, in Indonesia. The death toll on this particular island was significantly lower simply because the inhabitants had the traditional knowledge about tsunamis that invariably happened after a quake. In Nias island, which is close to the Simeuleu island, mangroves had acted like a wall saving people from the destruction. The challenge therefore for the developing countries is to learn from the time-tested technologies that have been perfected by the local communities.

Let us now look at the comparative advantage of protecting the environment and thereby reducing the havoc from the growth-oriented market economy. Having grown tenfold in the last 15 years, shrimp farming is now a \$9 billion industry. It is estimated that shrimp consumption in North America, Japan and Western Europe has increased by 300 per cent within the last ten years. The massive wave of destruction caused by the Dec 26 tsunami in 11 Asian countries alone has surpassed the economic gain that the shrimp industry claims to have harvested by several times. With over 150,000 people dead, the staggering social and economic loss will take some time to be ascertained.

World governments have so far pledged US \$ 4 billion in aid. This does not include the billions that are being spent by relief agencies. The World Bank has in addition considered boosting the aid packet to US \$ 1.5 billion. It has already given (by Jan 10, 2005) \$175 million, and bank President James Wolfensohn has been quoted as saying: "We can go up to even \$1 billion to \$1.5 billion depending on the needs..." In addition, the World Food Programme (WFP) plans to feed some 2 million survivors for the next six months. The feeding operation is

likely to cost US \$180 million. If only successive presidents of the World Bank had refrained from aggressively promoted ecologically unsound but market friendly economic policies, a lot of human lives could have been saved.

What did the world gain from pushing in market reforms with utter disregard to environment and human lives? Can Wolfensohn justify the financial backing doled out to the aquaculture and tourism sectors by drawing a balance sheet of the costs and benefits, including the social cost involved? Take the shrimp farms, for instance. The life cycle of a shrimp farm is a maximum of two to five years. The ponds are then abandoned leaving behind toxic waste, destroyed ecosystems and displaced communities, annihilating livelihoods. The farms are developed at the cost of natural eco-systems including mangroves. The whole cycle is then repeated in another pristine coastal area. It has been estimated that economic losses due to the shrimp farms are approximately five times the potential earnings.

Tourism is no better. Kerala in south India, marketed as "God's own country", destroyed the mangroves in a desperate bid to lure the tourists. It is only after the tsunami struck that the state government was quick to announce an Rs 340-million project aimed at insulating the Kerala coastline against tidal surges. Other tourist destinations in Asia will now probably rethink their policies.

The heavy human toll so dramatically witnessed in the aftermath of the recent tsunami unveils the folly of blind subservience to the free market economy. The death and homelessness of millions occurs as big business, guided by economic self-interest, provides shrimps and tourism at the expense of lives and livelihoods across the world.

Devinder Sharma is a New Delhi-based food and agriculture policy analyst.

The Social Credit Case for a Citizen's Income

Frances Hutchinson

The wages system lies at the heart of social injustice and ecological unsustainability. So long as absentee owners direct the work of waged or salaried employees (whether in private or state corporations), the motivation for reform will constantly be frustrated. Where money is the master motivation, all other values fade into subsidiary considerations. The major debates currently raging about war, famine, agribusiness, debt, environmental/ecological degradation, GM, world trade and poverty all stem from one central cause. People are held into doing what they are doing because they seek to profit *financially* from their co-operation with others. Whether the 'profit' is from speculative sale of commodities or sale of their own 'labour time' is immaterial. The money economy, as it presently operates, acts to separate people from responsibility for their work and its product. It also obscures their relationship with the land which ultimately sustains all forms of human society. If one cannot live on bread alone, one certainly cannot live on money *at all*. Although it remains absolutely essential that the resources necessary for the production of essential material needs are cultivated and conserved, the money economy now obscures the practicalities of everyday life, such that we live in a world of illusion.

The Money Economy

The industrial revolution brought economic liberation from traditional social ties. Recognisable mutual obligations between known actors were exchanged for enslavement to a money system operating beyond everyday comprehension. Rights and responsibilities associated with respect for the 'commons' and social justice were swept aside in favour of mysterious 'economic' pressures. As money was enthroned in place of identifiable individuals whose

ability to hold sway over others could be monitored by a series of traditional checks and balances, oppression became unaccountable. In the process, the new system of income distribution has come to seem as natural – even if as unpredictable – as the weather. Incomes are the reward for participating in the formal economy. The economic agent surrenders resources - land, labour and capital, being rewarded with a money income indicating the value/price of his input. He spends the money on his selection of commodities available on the market. Central to the operation of the economy is the price mechanism. Supply and demand for anything – land, labour, capital goods, financial services – is determined by price. Hence the highly skilled are perceived as being well-paid because their skills are in short supply in relation to demand. Conventionally, the vast differentials between the pay of teachers and nurses on the one hand, and business school graduates on the other, is justified on these grounds. There is, however, no statistical evidence to support the assertion that the ratio of suitable applicants to available places is lower in respect of business school applicants compared with nursing or teacher training. On the contrary, 6,000 applications were recently received for the 127 places on a Salomon Brothers' training course. "Pay cheques at Salomon Brothers spiralled higher in spite of others who would do the job for less" (Paul Ormerod "Waiting for Newton" *New Statesman and Society* 28 August 1992, pp12-13). Meanwhile farmers and child rearers produce the raw materials and labour essential to the 'real' economy (oikonomia) at little or no financial cost.

The phenomenon introduces the fact that the 'free market' price mechanism is fundamentally flawed

as a means to analyse the formal money economy. In theory, the higher the price, the less will be demanded and the more will be supplied. In fact, as the Salomon Brothers' example demonstrates, the market mechanism does not actually work in this way. Questioning is emerging from within the economics profession itself. As leading neoclassical theorist Bernard Guerrien notes, (pae_news@btinternet.com 2002), in the world of neoclassical theory, commodities are inexplicably traded at the price where supply equals demand, and vice versa. The price is inexplicable because when the price is high, the supply is high, but there is nobody to buy it *at that price*. But when the price is low, demand is high but there is no matching supply *at that price*. At the one point where the demand and supply curves intersect, exchange can occur. At all other points there is no exchange – and hence no price. At the single point price is made – quite illogically - by price takers! Nevertheless, the notion that wage and salary levels are determined by market mechanisms remains a basic tenet of faith in the economy-as-we-know-it.

Where do money incomes come from?

At present the key players, business, academics and politicians – are mesmerised by the money system. If we look at historical accounts of the social credit, distributism and agrarian reform movements, we find a level of debate which no longer applies. Meetings, study groups and weekly papers, including *The New Age*, *GK's Weekly*, *New English Weekly*, *Social Crediter* and others abounded (detailed references supplied). In earlier decades working people joined with professionals in study groups across the world, flocking to public meetings and engaging in debate. I was introduced

to social credit by my neighbour who had attended a University extension course in economics and joined a study group on social credit in the 1930s.

By contrast, professors of sociology and the other social sciences today profess themselves to be unable to debate on the subject of the economy: "I am not an economist" is a real conversation-stopper. Academics go to work to earn a salary paid in money which they do not understand. It is a truly alarming situation. Professors of economics are no less ignorant on the relationship between the money and the material or 'real' economy. At an international conference on economics, Ukrainian professors bemoaned the fact that their money salaries were not paid for months on end, so that they had to rely on their gardens to feed their families. The US and UK professors listened with incredulity: they could not hope to feed their families if their money incomes dried up completely. Nevertheless, the Eastern Europeans sought inward investment so that their economies might 'progress' towards a wage-dependent economy. A more logical progression would be towards income security for all through a basic or 'Citizen's Income'.

Citizen's Income

A citizen's income (CI) is an automatic, regular, unconditional and non-withdrawable income payable to each individual citizen and considered to be a right of citizenship. "Unconditional" means that it is not dependent upon workfare, means testing or any other form of eligibility test, save that of citizenship.

A mountain of research already exists on the practicalities of introducing a 'basic' or 'citizens' income (details on request). The case for CI has been well researched and publicised. Given the political will – which is increasingly coming to be the case, see e.g. Brazil,

Ireland and so on - the necessary accounting skills can be brought to bear on the particular place, circumstances and time.

The Case for Citizen's Income

1. Complications: The amount of form filling and bureaucracy involved in the present system as people's circumstances constantly change is time-wasting and results in a degrading nightmare of rage and frustration.

2. The unemployment trap: If on means tested income support or job seekers' allowance, one's benefit is withdrawn virtually pound for pound. As one's income rises one loses housing benefit and council tax, while one starts to pay income tax and national insurance contributions. Hence people are discouraged from entering employment and from seeking to increase their incomes.

3. The poverty trap: If one is in low paid work and receiving tax credits and other means tested benefits, as one's income rises, one loses tax credits. Income tax and national insurance have to be paid, while housing benefit is lost.

4. The savings trap: It is not worth saving for retirement when the minimum income guarantee prevents pensioners with an income from savings from claiming benefits. Citizen's income would not be withdrawn from those with additional savings. Hence there is an incentive to work and to save.

5. Income security: As it stands, the employment system reduces employees to a permanent state of income insecurity. Many individuals are continually moving in and out of the benefits system for reasons beyond their control. Nobody should have to choose between fulfilling their responsibilities to their families by staying on benefits, and taking a

low-paid job.

6. Increased flexibility: part-time work and self-employment care for the sick, elderly and children become options which can be planned for in confident security.

7. Increased employment: Employment would be encouraged across the board. Income (benefits) would not be lost, so all employment would provide net gain.

8. Access to life long learning: with a small secure income automatically available as a right, all could engage in higher education and training whenever necessary.

Conclusion

The time has come to challenge the dominance of finance over the earth's resources. This can be done in two ways. First, it is necessary to seek out connections between one's own work and the rest through a creative *listening* process, i.e. to reduce the time – and money – spent on publicity and having one's own say. The second line of action is to subordinate money considerations to all other considerations in our own daily lives – and to tell others what we are doing and why. Every penny we get, and every penny we spend, impacts on the lives of others across the globe, as well as on future generations. Potentially, a citizens' income offers all the opportunity to study the money system in order to fully understand how it works. Hence, even if it did nothing else, CI would be a 'good thing'. Without it, we will all be "forced to keep working until 65" as the Work and Pensions Secretary predicts.

We would like to remind our readers that subscriptions are due for 2005. It helps our administration considerably if renewals are made early in the year

Obedience is the root of all evil

Adapted from an article by Stellan Vinthagen

Basically, 'democracy means 'rule' (kratia) by the 'people' (demos).

The idea is that everyone concerned with an issue has the possibility of discussing what should be done with everyone else, so that a decision can be made. Genuinely free discussion and decision-making has two requirements: (a) that the individual has the information sources to hand so that an informed discussion can take place and (b) that there are no dominant power-systems over which the individual has no control. As peace activist Stellan Vinthagen explains, it is all too easy for individuals to subject themselves to systems of obedience:

"The worst horrors of history – the Nazi Holocaust, the Soviet Gulag, capitalist slavery and colonialism – are not sudden explosions of human evil, but effective, well-organised, almost machine-like, products of civilisation. I think that such horrors are happening again but on a much greater scale, this time by immensely powerful western liberal democracies and their transnational companies. Our modern day 'abnormal' and 'unthinkable' acts equivalent to the Nazi Holocaust – and carried out in the same machine-like way – are global starvation and ecological destruction. We live in a world where we easily could feed everyone, but still 20 per cent of the world's population owns 80 per cent of the world's resources and an estimated 30,000 children starve to death each day! That is the numerical equivalent of one Holocaust per year – but without any corresponding headlines in the newspapers. At the same time we continue to ruin the ecological foundation of our existence.

"It amounts to an everyday act of industrial mass-murder. To understand how it is possible to render such abnormal deeds normal, we need to look at models of obedience. In modern society it seems that mass murder is done unconsciously, as part of 'business as usual' with the left

hand, but murder is something that is done consciously by the right hand. That is why someone prepared to administer the death of thousands from behind an office desk would be horrified if they were asked to kill somebody with a knife.

"This magic is created by the way the systems connect small acts together, producing a possible social chain reaction a lot more dangerous than the nuclear chain reaction. The evil of the system as a whole stems from its geniality in turning innocent and reasonable acts into cruel, heartless and unreasonable acts through the simple process of linking them together. At each link of the chain, each of the acts seems to be the only reasonable choice. Put together – linked to what others have done before and what will be done later – the acts suddenly take on another meaning. Tightening bolts or delivering mail, electricity or steel to a company don't seem in themselves to be serious, dangerous, immoral or illegal acts. But it is through such small individual acts that the chain of, for example, nuclear weapons production is completed.

"The exactness and formality of bureaucracy, automatisations, administrative routines, hierarchies within hierarchies and so on – all these make an individual's moral responsibility for his or her work disappear. Instead of moral responsibility we get job responsibility. The range of alternatives connected to each single position in the system is defined and controlled in honour of the system. Careers are created through the development of skills, through achievement and competition – all giving job 'satisfaction'. Even small acts are controlled through surveillance and different disciplinary techniques. And then there is always money" (Stellan Vinthagen, "Obedience is the Enemy", *Peace News* May-August 1999.)

The Way Forward

We have recently received a nine-page document entitled *Five Steps to a New Direction: A Future for Society*, produced a year or two ago by the Social Research Initiative, "Directions for Change" The contents of the document are entirely consistent with Douglas social credit, and are summarised on page 2 of the document, reproduced here:

In *The Way Forward*, five areas of social life are addressed. Moving in these directions would have a profound and positive effect on individual worth, human dignity and social well-being.

Five Steps to a new direction: A Future for Society

Land and resources

- moving from personal and corporate ownership to stewardship and trust holding.

Work and Labour

- transforming the labour market by separating work from payment.
- establishing equal right to provision of human need.

Money

- arriving at the right price for goods and services as a prerequisite for a fair and just society.
- recognising the life-cycle of money as a vital factor in its regulatory function.

Capital

- putting an end to money hoarding and wealth creating as a goal.
- returning capital to its true purpose as a means of building individual and social capacities.

Economic Associations

- bringing together the interests of manufacturers, suppliers and consumers.
- guaranteeing the effective working of the above four areas for the benefit

of individuals, as well as the common good.

Progress in these areas of practical life awakens us to the social question, which is:

Do we want to continue to live in a world dominated by egotism, materialism and the exercise of power? If not, how can we move away from these in practical and realistic ways?

This question is addressed in the five descriptions on pages 3-8 of the booklet. Contact us by telephone or Email (see back page of TSC) for more information about the booklet.

...we have the ground for a useful distinction between Servile and Natural Labour—the one being Man-forced and unnecessary, and the other being Nature-forced and necessary; and, we have also the reason for the common distinction between degrading Labour and dignified Labour. There is a dignity in Natural, that is, necessary Labour, but there is none in Servile, that is, unnecessary Labour...

One of the commonest fears—in all senses—of the Leisured class is their fear that, under a Douglas Commonwealth, they would be unable to obtain personal service. Our reply to that is the obvious and unanswerable one, that real ladies and gentlemen...have never found any difficulty in procuring personal service, and that the rest do not deserve it. Indeed, one of the tests of Culture is precisely the ability to command service without forcing it. (A R Orage)

Obituary

We were sad to hear of the death of Boudewign Wegerif. Formerly a financial journalist, he famously walked from Sweden to South Africa to highlight the iniquities of the debt-based money-system, relying entirely on the hospitality of those he met along the way. He spent the rest of his life working for economic and monetary reform, for ‘love’s non-violent revolution for an end to global money madness and the beginning of a genuinely good life in discipline and freedom.’ We extend our sincere sympathy to his family and friends.

Book Reviews

Four Arguments for the Elimination of Television

Jerry Mander

Other India Press, 1998, pp200
£8.99 (www.eco-logicbooks.com)
ISBN 818 55 69 38X

First published over twenty-five years ago, the Four Arguments for the Elimination of Television remains a key text. It is the first book ever to advocate that the medium is not reformable. Its problems are inherent in the technology itself and are so dangerous – to personal health and sanity, to the environment, and to the democratic processes – that TV ought to be eliminated for ever.

“Television offers neither rest nor stimulation,” writes Jerry Mander, former advertising executive in San Francisco, “Television inhibits your ability to think, but it does not lead to freedom of mind, relaxation or renewal. It leads to a more exhausted mind. You may have time out from obsessive thought patterns, but that’s as far as television goes. ... The mind is never empty. What’s worse, it is filled with someone else’s obsessive thoughts and images.” Drawing upon a wealth of resource material, the author provides evidence of the dangerous effects of television ‘mental, physiological, ecological, economic, political; effects that are dangerous to the person and also to society and the planet’.

Advertisers and networks use television to create a lifestyle of virtual reality in order to increase their revenue. As Mander explains, “Perhaps there is a need for cleanliness. But that is not what advertisers sell. Cleanliness can be obtained with water and a little bit of natural fibre, or solidified natural fat. Major world civilizations kept clean that way for millennia. What is advertised is whiteness, a value

beyond cleanliness; sterility, the avoidance of all germs; sudsiness, a cosmetic factor; and brand, a surrogate community loyalty.” Television does not present the viewer with a picture of the world as it is, but with a world created by advertising. Programmes are created with the conscious intention of promoting a consumer society. It is a form of sleep teaching, entirely passive, in which the viewer’s mind and body cannot and do not react.

Nevertheless, despite all the evidence, the suggestion that the technology should be banned meets a solid wall of incomprehension. People are mesmerised by the medium, leaving them unable to grasp the idea that it is neither neutral nor benign. For many, imagining life without television is to imagine the unthinkable. Through this excellent analysis of the effects of television, the thoughtful reader is brought to doubt the notion that television is a neutral technology, capable of being used for good or ill. Speaking of TV reform is, in the words of the author, ‘as absurd as speaking of the reform of a technology such as guns’.

The Editor

In search of Fatima: a Palestinian Story

Ghada Karmi

Verso: London and New York, 2002

This moving and beautifully written memoir is too rich for easy summary. It tells the political story of the people of Palestine by telling the personal story of the author, born in Jerusalem in 1939, and driven from there with her family in 1948. The intimate interplay between the political and the personal is one major theme of this book, as it explores the strains that exile places upon personal identity, and the way in which culture and experience shape political understanding. In the anecdotes which Ghada Karmi tells - of a schoolgirls’ quarrel or the tensions within a marriage - we see international

misunderstanding and conflict writ small, in a way both illuminating and suggestive.

When the Karmi family were forced to leave Palestine in 1948 and found refuge in, of all places, Golders Green, the three children had each to deal with the problem of a dual identity, exacerbated by the disorienting knowledge that their homeland, in effect, no longer existed. Each of them tried, and half a century later were still trying, to resolve the issue in different ways. Ghada's sister, Siham, several years older, continued to think of herself as an Arab in exile, and returned to the Middle East as soon as she could. Ghada herself attended English schools and embraced English culture. In neither case was the solution straightforward. Siham's marriage to a Palestinian eventually broke up and she returned to England. Ghada's own ultra-English marriage foundered on the rocks of the Arab-Israeli war of 1967: her husband could not begin to understand the anguish for Palestine and the sense of Arab identity that this reawakened within her. Meanwhile, their parents lived an isolated life of exile; their mother spent forty years refusing to learn English, and found consolation only in the company of stray fellow-Arabs. Living in Golders Green allowed Ghada to observe the parallels between her own experience and those of the Jewish families she knew. There is a haunting moment when the mother of her Jewish friend encounters her own mother and, across the language barrier, offers her sympathy for the terrible fact that her daughter is marrying 'out'.

Naturally, the question of Palestine and the state of Israel overshadows the whole book. Drawing on conversations with her older relatives, the author gives glimpses of the human consequences of the callous, and ultimately treacherous, governing by the British, and of the ruthless

brutality of the European Jews whom they encouraged to take over Palestine. The adjectives are mine: Ghada Karmi's own descriptions are sympathetic but dispassionate. The rural Palestine she knew as a child was a place of flourishing, colourful, small towns and villages and farms, knit together by close extended families. The next generation lived in grim refugee camps, where children learnt from birth that there was no hope except through violence. Those thrown out of their homes by terrorism had no legal right to return, while any Jew, from anywhere in the world, could claim the citizenship that should have been their birthright.

It would be easy to report this in crude black and white, but Karmi is sensitive to the complex subtleties of it all. She recalls how puzzled she was by European anti-Semitism when she first encountered it. Arab instincts towards the Jews were quite different. The Middle Eastern Jews they had accepted for centuries as part of the landscape, as neighbours, and often friends, very much like themselves. The incoming Jews they thought of as Europeans, and even then felt no immediate enmity, although some well placed anxiety. It was only when European gentiles attempted to assuage the guilt of their own longstanding, and tragic, anti-Semitism by displacing its burden onto themselves that the Arabs, for very good reason, became hostile, and even then towards the British at least as much as towards the Israelis. Karmi is also alert to the Arabs' own weaknesses. In particular, she is honest about the frailty of the bonds that link them together, whether internationally or within a single nation. Repeatedly, the Arab tendency towards rivalry and quarrelling is implicitly contrasted with the dauntingly unified sense of purpose of the Israelis and their Jewish supporters across the world.

This is not just a story about the

Middle East. Ultimately, it raises questions about the very basis of our political lives and self-understanding. It is hard to see that there is any case according to natural justice for the legitimisation of the state of Israel, let alone its extension beyond the boundaries of 1967. Yet already it is too late to go back to before 1948: naked might has acquired rights, merely by establishing a sort of status quo. We might ponder in microcosm the beginnings of almost all territorial power in conquest and displacement: certainly that is how most of Europe, most of the Arab world and the Americas have acquired the populations that they have today. Political authority is arbitrary in its origins, and ought, for that reason, to be all the more aware of its need for humility and justice.

Finally this book make us think about the relationship between propaganda, self-deception and oppression. What exactly was going on when British commentators compared Nasser to Hitler, or when those present at a wedding in London sang the Israeli national anthem? What is going on today when the U.S. sees itself as bringing 'freedom' and 'justice' to the Middle East, or when young men in Bradford identify themselves as Islamic freedom-fighters? How do we purify our proper desire to tell the stories of our communities so that they remain honest, fair and compassionate? How do we do justice to the complexities of the multiple histories and identities that so many of us now possess, without destroying that healthy love of home and family and country that gives us our roots? We can ask such questions at the most abstract level, but our answers will be useless unless they are grounded in the sort of attentive observation of concrete human lives exemplified so impressively in this volume.

Margaret Atkins is a Senior Lecturer in Theology at Trinity and All Saints College, Leeds.

The Social Credit Secretariat Collection

Over the past few years SCS has received frequent requests for evaluative comment about key works on economics and related issues from journalists, academics, politicians, clergy and activists. We are delighted to make the advice service more generally available. In the SCS Collection we have copies of all C.H. Douglas' books, articles and speeches, the major texts on Social Credit, together with a wealth of leading resource material on the economy and its effects on the social and ecological environments. Guidance as to the key texts and authors on individual subject areas (alternative economics to genetic engineering, farming, debt, work and income, and so on) can be provided by telephone or Email, short-cutting time-wasting Internet searches. We can also supply a range of study materials for group discussion, and the names of speakers on specialist issues throughout the UK.

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

There is the work forced on Man by Nature—the work God referred to when he told Adam that, outside of Paradise, Nature would yield him bread only in the sweat of his brow, And there is the work forced on man by other men—Slave-owners and bankers, for example—who declare from their high throne that men shall not eat, not without Nature's consent, but without their consent.

(A R Orage)

SUBSCRIPTIONS TO TSC

Annual rates:

UK inland £7.50 Airmail £11.00

Make cheques/money orders payable to KRP Ltd and send to The Social Credit Secretariat, PO Box 322, Silsden, Keighley BD20 0YE

Recommended Reading



Eimar O'Duffy
Asses in Clover
(Jon Carpenter £11.00)



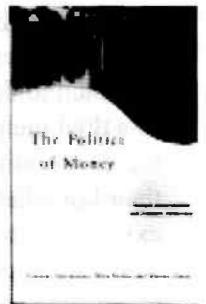
H J Massingham
The Tree of Life
(Jon Carpenter £13.99)

Frances Hutchinson & Brian Burkitt
The Political Economy of Social Credit And Guild Socialism
(Routledge £25.00)



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

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



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

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



www.douglassocialcredit.com

socialcredit@FSBDial.co.uk

SECRETARIAT

Frances Hutchinson

Chairperson

J A Murray McGrath

Deputy Chairman

Bryony Partridge

Treasurer

Anne Goss

Secretary

Wallace M Klinck (Canada)

Gerald Partridge

Copyright 1998. 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 Hutchinson, at the address below.

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

THE SOCIAL CREDITER BUSINESS ADDRESS

Subscribers are requested to note the address for all business related to KRP Limited and The Social Credit Secretariat is: PO Box 322, Silsden, Keighley, West Yorkshire BD20 0YE.

Telephone: (01535) 654230

e-mail: socialcredit@FSBDial.co.uk