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For Economic Democracy

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In this issue:

Editorial

In the mid-1990s my son Andrew and I were commissioned by the publishers McGraw Hill to write a textbook on 'environmental business management' for undergraduates and post-graduates. When we embarked on the project we were convinced that the winds of change were blowing through global corporatism. However, by the time *Environmental Business Management: Sustainable Development in the New Millennium* was published we had become aware that the apparent greening of business, politics and economics was a smokescreen behind which profitable business-as-usual could continue unchecked. Environmental regulations were providing a whole new category of salaried employment, both in statutory national and international regulatory bodies and within business enterprises. Our multi-disciplinary textbook provided an objective overview of the developments to date. However, when I asked the Head of Environmental Sciences at Bradford University (a personal friend) why he was not using the book in his department, he replied, "If we did, we'd have a load of unemployed graduates." In other words, the purpose of providing an academic education is to slot the recipients into salaried employment. The creation of a sustainable political economy where business and the community work hand in hand to find practical solutions to the misuse of industrial technologies was viewed as secondary to serving the interests of the 'bottom line' of finance. That was in the 1990s.

Today, as Mark Anielski demonstrates in his book *The Economics of Happiness*, the quest is on to free families, and the local communities in which they live, from finance-dominated economic pressures. Those pressures have been vividly described by Michael Hudson in an article published last year in *Harper's Magazine* entitled "The New Road to Serfdom: An

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illustrated guide to the coming real estate collapse." Although Hudson flags up the problem very graphically, his analysis fails to relate to the underlying reasons for the dominance of a debt-based economic system. In this issue of *TSC* we include a brief extract from Michael Rowbotham's *The Grip of Death*, suggesting that the entire book merits ongoing study. L.D. Byrne's "Alternative to Disaster" consolidates the case put forward by Douglas, and rehearsed by Rowbotham, for coming to grips with the relationship between the cultural, political and economic spheres of society. Only in this way can individuals begin to fight free of the misapprehensions which currently govern financial relationships. Douglas never tired of seeking to stimulate logical thinking about the relationship between the individual and society:

Bribery is a word which may have many meanings, and it is quite possible that we are all bribed. It may be argued that any man who spends his days in obtaining money with which to buy a living, rather than in doing those things which he has an inner urge to do, is 'corrupt'.(Clifford Hugh Douglas in *The Social Crediter,* 1949)

The ongoing devastation of the earth, accompanied by widespread poverty and debt will continue for as long as individuals fail to confront their personal relationship with finance as they go about their daily business of getting and spending money.

Imagine by Murray McGrath

Imagine all the finest of humanity's creations
Collected in one space for you from all the world's great nations.
The most beautiful and impressive laid out for your inspection
And lots of loving folks around to care for their protection.
Paintings, sculptures, works of art, the greatest ever done,
The very best of architecture underneath the sun.
Technology and furniture of brilliance and precision
Poetry, drama, fiction of extraordinary vision.
Music, singing, opera, grand beyond your dreams
Such magnificence and beauty can't be ever matched, it seems.
Yet not a single one of these or even all together
No matter how produced or when or where or whether
By the greatest ever genius or revered spiritual teacher
Can ever be compared with you, or any living creature.
Yes, sadly, it's man's arrogance and blinkered point of view
That blocks out his awareness of the magical and true.
Astounding nature's everywhere, but taken all for granted.
Man's best work is quite pale beside a single seed that's planted.
So go about your busy day and open wide your eyes
Look carefully at what you see and you will recognize
That nature in its many forms is dazzling in its beauty
And you can live and work and know — to appreciate is your duty.

Alternative to Disaster: The Case for Social Credit

L.D.Byrne

1.The life force of a community—its source of power—that which makes it a functioning entity—is its credit. This credit is the belief, amounting to a certainty, inherent in society that in association its individual members are capable of achieving what would be impossible to them living in isolation. This inherent belief—this credit—is essentially an attribute of the entire social organisation, and the extent to which it exists and is utilised determines the wellbeing of a community. If a social grouping disintegrates, its credit is destroyed. If this credit is under the effective control of the community—that is to say, if it is utilised by its individual members collectively to get what they want for society—it is Social Credit.

Social Credit may be correctly defined as the belief inherent in society that its individual members in association will get what they want.

A community organised on this basis—democracy in the true sense of the term—would be designedly administered in accordance with the wishes of its members. Upon no other basis, indeed, can society be successfully and permanently organised. The final test of a successfully organised social entity must be the contentment of its individual members, and this will depend upon the extent to which the social environment permits them to achieve the satisfaction of their wants. The health of the social body will deteriorate to the degree that its members are thwarted in their desires to benefit from their association.

A cursory consideration of features common to all countries should be sufficient to dispel any illusion that the present social order, which varies only in form in Russia, Italy, the USA, and Britain, is organised to enable people to have their requirements satisfied. Wholesale sabotage of production in the face of widespread want, prostitution of industry to the shoddy and the meretricious when it could as easily provide the goods of quality which people would prefer, restriction of education, and oppressive legislation enacted against the wishes of the majority, are but examples of the operation of the policy governing the existing social order. Even in so-called democratic countries, the organisation of society is on some basis other than administration in accordance with the wishes of its individual members. The result is that the present social order is breaking up rapidly. As environment becomes more and more unsatisfactory to an increasing number of people, so revolt against the existing state of affairs is developing in intensity and volume everywhere. With this disintegration of society the vitality of its inherent belief that its individual members in association are capable of supplying their wants must deteriorate. If the process continues it must end in the breaking up of the social order in chaos wherein a large section of the world's population will perish, and civilisation be extinguished for centuries.

The only alternative to disaster is a change from the existing order to a social order which will provide an environment satisfactory to the people. There may yet be time for this; but it can never be accomplished without a recognition that the change must be to a social order organised on democratic principles. The basis of organisation, in short, must be the inherent belief of society that its individual members in association will get what they want. Thus Social Credit is the only alternative to the present social order, and because of this it is not possible to have a real understanding of the issues facing humanity without a knowledge of Major Douglas's great message to the world.

Yet it would seem that it is failure to appreciate the realities of the situation which prevents otherwise intelligent people from investigating Social Credit with a desire to understand the subject.

This extraordinary human characteristic, which renders it impossible for apparently reasonable human beings to approach a new idea without prejudice and hostility, was pilloried in the introduction to "Human History" by Sir Grafton Elliot Smith:

The vast majority of mankind thus accepts without question the guidance of tradition, and by sheer inertia loses the ability to observe or interpret evidence in any sense other than the conventional one that has been instilled into them by custom.

Anyone who has ever called attention to facts, or inferences from them, that came into conflict with fashionable doctrines must have been made to realise how little influence of the experience of the scientific developments of the last three centuries has had upon men's readiness to make even the simplest observation, or to admit the truth of the most obvious principles.

Most men, even without being consciously dishonest or wilfully stupid, seem to be unable to examine heterodox views with understanding and impartiality.

The inertia of tradition and the lack of courage to defy it when new evidence fails to conform to it seems to be potent to blind all, except the ablest and most fearless of men, to the most patent facts.

2. It cannot be stressed too emphatically that Social Credit as a subject includes all the field of knowledge and research, both philosophical and structural, concerned with the organisation of an entirely new social order on the basis that its individual members may get what they want. It is necessary to emphasise this, for

there is a widespread and incorrect idea that Social Credit is merely a monetary reform scheme, consisting in the main of a set of financial proposals designed to rectify a faulty system of finance,

and that, when enough people know about it, in some curious way it will be possible by common consent to embody these principles in a cut-and-dried plan which will then be superimposed on the existing state of affairs by Parliamentary legislation, very much like tariff reform, with results entirely satisfactory to everybody. This narrow conception is mischievous, for not only does it distort the nature of Social Credit, but it tends to direct attention away from the main issue facing the world. It has probably arisen from the fact that for years exponents of Major Douglas's ideas rightly laid all the stress on the economic issues involved, and their relation to the financial system, as the focus of the world's troubles. But because this emphasis was right two or three years ago, it does not necessarily follow that it is right now.

The urgent need at the present time is to achieve a change, before it is too late, from the existing social order to the new order. This involves a change of environment, which can be achieved only by action, for no such change ever has or ever will be accomplished otherwise. It will be apparent later that the problem facing mankind is not primarily economic; it is in the nature of a military problem. However, before proceeding to a consideration of this all-important issue, it is necessary to recognise the factors which bear upon it.

On the evidence of the world situation the organisation of the present decaying social order is fundamentally wrong; wrong, that is, in the pragmatic sense. Anyone who has had to do with organisation knows that it is a science. The principles and techniques of the science of social organisation have been clearly expounded by Major Douglas, and, as a matter of fact, have never been comprehensively stated by any other person before him. They form that important aspect of Social Credit knowledge which is aptly termed social dynamics.

The basic consideration in forming any organisation is the objective. The social objective must necessarily be that desired by its individual members. This can be defined as personal security and personal freedom in the broad sense of the terms, or, in the eloquent phraseology of the American Constitution, the inalienable right of man to life, liberty and the pursuit of happiness. Judged by results the existing social order, whether in the USA, Britain, or anywhere else, has no such objective. Whatever the present objective may be — and there is unquestionably a purpose in the policy which is being pursued everywhere—it is certainly not one to which people would subscribe if it were made clear to them.

It is a matter of fact that the results of the existing social arrangements are growing insecurity and progressive loss of freedom for everybody except a very few.

The organisation of society for the achievement of the social objective is applicable to two of the three aspects of its life. These are the economic and governmental. The third,

the cultural life of the community, is not susceptible of organisation. It is the sphere in which the individual within the group requires the freest expression of his personality in the pursuit of his desires in religion, education, the arts, travel, and so forth.

This aspect of society's life is essentially a natural development according to the individual desires of its members; and to the extent that the economic and governmental systems release people to pursue these desires, the cultural life of the community will be enriched. It is significant that culture is rapidly declining in the world today, instead of being at the height of human achievement, as it should be with all the resources that are available.

The science of social dynamics, therefore, applies only to the economic and governmental aspects of social life, which must necessarily be organised. Each of these has its specific function, and it is important that no confusion should exist in regard to these functions. The economic system has to do with providing the material requirements of the people. Its purpose can be defined as being to deliver goods and services to the community as, when and where they are required, with the greatest degree of efficiency. Bearing in mind the social objective, this means that

the economic system should confer the maximum of security and freedom for all. This is its function and it should not exist for any other purpose.

The governmental or legislative system is concerned with the rights of individuals comprising the group, and their relationship to each other. It provides the rules under which society agrees to live, which embraces what is referred to as "the maintenance of law and order." Therefore its function in the achievement of the social objective is to give effect to the collective will of the members of society in all matters concerning their personal rights, their relations with each other, and, as a group, their relation with other social groups.

3. The two forms of organisation applicable to society are the pyramidal, involving centralisation of control, and the democratic, under which the wishes of the majority prevail. The pyramidal type is so termed because it can be pictured as a grouping of people in the form of a pyramid at the apex of which is a supreme authority dominating the entire structure through lesser executives working under him. Democratic organisation can be pictured as a grouping of people in the form of a circle, in which administration at the centre is dominated by the majority at the circumference. This necessarily involves the ability of the majority to accept or reject administrators according to the satisfaction or otherwise they experience from their administration.

It follows that the democratic type of organisation is the one under which society should operate in both its economic and its governmental aspects, in order to ensure that its individual members may obtain satisfaction from their association. A social democracy should comprise economic democracy and governmental or—as it has to do with matters of policy in the legislative aspect of group life—political democracy.

The limitations, however, of the democratic form of organisation must be recognised. It cannot be applied to the building of a bridge or the administration of a railway, or the result will be confusion. Practically every aspect of social life in both the economic and governmental spheres requires specialised knowledge in matters of administration—that is, in regard to how a thing shall be done. The execution of any undertaking must depend upon personal responsibility assumed by those carrying out the task. It is beyond the ability of a mob to give any decision in regard to *how* a thing shall be done. It can, however, decide whether or not it *shall* be done. That is, it can give a clear expression of its desire for specific results, or it can reject them. This is the governing factor in social organisation.

By deciding collectively that they want a certain result the individual members of society define policy.

To carry this policy into effect, in a manner which will ensure that they will get what they want, the pyramidal type of organisation must be called into operation. The group should place at the apex of a pyramidal organisation any of its members having the necessary qualifications or readiness to assume responsibility for achieving the desired result, and proceed to take instructions from him in the execution of the undertaking. To ensure that they get what they want, and not something else, they must have the power to remove the administrator from his position of authority should he fail to produce the result desired within a reasonable time. Thus two distinct and opposite types of organisation become complementary in their application to social organisation within a democracy, each performing its special function. For the will of the democracy to prevail, the democratic type of organisation must be applied to decide policy and select personnel for its execution; while execution of policy must be carried out under pyramidal organisation. Major Douglas has summed up this all-important aspect of social organisation in a sentence:

In respect of any undertaking, centralisation is the way to do it, but is neither the correct method of deciding what to do nor the question of who is to do it.

Pyramidal organisation can function satisfactorily in the service of society only if the executive at its apex derives authority from the willing consent of the majority, if the individuals grouped within the pyramid have freedom to remain in the group or leave it, and if the purpose for which the organisation exists accords with the wishes of the majority. Otherwise pyramidal organisation spells tyranny—the domination of the majority by an authority from whom they cannot escape, and for a purpose to which they may be opposed.

The foregoing considerations are fundamental to Social Credit and indeed, to a realistic grasp of the present situation.

With a knowledge of the principles involved and the facts as they exist today in the economic and governmental spheres of the social order, no difficulty should arise in recognising what is wrong in the world and how it can be set right.

4. That the productive resources of developed countries are capable of meeting practically any demands made upon them is the outstanding fact in the domain of economics. Civilisation has passed from scarcity to abundance with the advent of the knowledge whereby solar energy can be harnessed to the service of human requirements. Prior to this, production was restricted by the limited energy resources available. Human labour, the energy of the wind, running water and domesticated beasts were insufficient to overcome an environment of scarcity. With the development of power production scientific knowledge made rapid strides, and organisation was improved.

While puritanical economists, with static minds anchored to considerations of a bygone age, pathetically appeal for a hearing of their treatises on the relativity of the plenty available to the world, the fact is that the natural limitations to production, as distinct from the artificial limitations, are the energy resources available, the supplies of raw materials, and the human ingenuity to apply the one to the other to meet the requirements of people. There is no evidence that a limit has been reached or is likely to be reached in these essential factors of production. Plenty is available to mankind. Moreover, the word plenty cannot be used in a relative sense and retain its meaning.

Power production discards human energy as other forms of applied energy become available.

It constitutes the final stage in mankind's struggle to gain freedom and security in the economic sphere. The power-driven machine is releasing man from the necessity to toil for his material requirements. As processes are improved and scientific knowledge advances, fewer and fewer men and women are required in production. The same applies to transport and the distributive organisation. Thus abundance is available with a modest and diminishing expenditure of human toil, and unconditional security with leisure, which means freedom, can be achieved in the economic sphere. All that is necessary to attain the social objective in this aspect of community life is the effective distribution of products as, when and where they are required by individual members of the group.

Two important considerations arise at this point:

the right to equity of each member of the group to a share in the fruits of communal effort, and the corresponding responsibilities of that right.

That abundance is available means that the real credit—the rate at which the group can produce goods and services—is sufficient to enable the community to satisfy the requirements of its members. This is governed by the knowledge and the resources at the disposal of the group as a whole, and constitutes common cultural inheritance which has been handed down by succeeding generations through the centuries.

This cultural inheritance, the extent of which can be dimly envisaged by imagining its absence, is essentially a communal asset to which every member has an equal claim.

However the group can benefit only to the extent that its individual members collectively exploit the cultural inheritance to get what each wants. (In passing, it should be noted that in the process of exploiting this heritage the community enriches it. The heritage cannot be impoverished without corresponding damage to the social well-being.) This exploitation involves both individual effort and initiative in pursuit of the objective of society, and the co-ordination of this in a manner which will secure the maximum result from the association of its members. For example, the practicability of producing a motorcar within a given time depends upon a number of persons applying themselves to producing different parts of the product with the maximum of efficiency, and using the advantages of the common cultural inheritance to this end. But unless their individual contributions to the product are co-ordinated—unless they work in association—they are impotent to achieve their objective.

A graded system of rewards is probably necessary to invoke personal effort and initiative in exploiting the common cultural heritage, but while expediency may place this as a first charge on production, there arises an increment in the association of individual members of the group, which, in equity, establishes a right for all to share it—something in the nature of a dividend to the shareholders of the communal heritage. In an environment of scarcity it is probable that the first charge of rewards for services to the group would absorb the entire production; but there is no justification for withholding the social dividend from the members of a community capable of producing plenty for all with a diminishing demand on available personal effort and initiative, which is the position at present. Moreover, the individual dividend should be at least sufficient to establish the social objective, by conferring security, with the maximum of freedom in the economic sphere, on all.

Though the principle of the dividend has been established within the existing economic arrangements, its application is restricted to a system of rewards to encourage capital development. Without necessarily disturbing the present arrangement in this respect the principle should be extended.

But the question of this right in equity of every member of an industrial community to an unconditional share in production cannot be settled within the economic sphere. As it concerns the right of individuals to and their relations with each other, it comes within the domain of the governmental system.

The economic structure under consideration would have to provide the mechanism for its distribution only if the right to a social dividend had been established within the governmental system.

5. The major economic difficulty in the world today is that production is being restricted; and even the limited production which is permitted cannot be distributed. Poverty amidst plenty and fierce competition to sell goods are accepted as being in the natural order of things. It is astounding that their implications are not more widely realised.

So long as production is being restricted and destroyed when members of the community are in want, the community is not being permitted to enjoy its cultural inheritance; it has not access to its ability to produce and use goods and services. In short, the community is cut off from drawing upon its credit. Only an external force imposing its will on the community can achieve this—and this constitutes tyranny. The mechanism by means of which the community is being prevented from gaining access to credit is precisely the mechanism intended to enable the economic system to fulfil its function of producing and distributing goods and services as required. It should, but does not, operate to produce results in accordance with the wishes of the individuals within the group. This mechanism is the monetary system.

Money is fundamentally a costing mechanism. Professor Walker has defined money as any medium which has reached such a degree of acceptability that no matter of what it is made nor why people want it, no one will refuse it in return for his product—if, of course, he is a willing seller. Thus money is a ticket system to enable members of a community to take what they want from the general pool of production. Whatever may have been the case at one time, under modern conditions of the division of labour and highly mechanised productive processes money is not primarily a medium of exchange, as is usually stated. It is primarily a medium for effecting the distribution of the fruits of economic activity.

It cannot be used mainly as a means of exchanging human labour for production, when production is achieved to an increasing extent by processes eliminating the need for human labour.

Price determines the relationship of money to goods. Under modern conditions of production, cost determines price. All money distributed to the community constitutes a cost of the production in respect of which it is distributed. It is an essential of current accountancy methods that the vendor of production, whether producer or distributor, recovers all the costs incurred by him. Any reward he can obtain for his services by way of profit is additional to this.

Money has to be created. It is created by the banking institutions, issued to the productive and distributive organisations as loans, distributed by them to the community by way of wages, salaries and dividends, including profits, as purchasing power. It is recovered by the productive and distributive organisations through price—the community surrendering purchasing power in exchange for production—and returned to the banking institutions in liquidation of the loans outstanding.

Now, in fact, money is created as a draft upon the community's credit. This confers upon money all the attributes it possesses. Unless it is the tangible representation in metal, paper or figures, of the inherent belief of the community that it can produce goods and services, it must lose its value as money.

The monetary system performs four important functions: it enables a record to be kept of the extent to which the community is employing its credit, in accordance with the accountancy methods adopted by it; it is a means of recording all production and all consumption which is taking place, so that the facts are available all the time; it enables the fruits of communal effort to be distributed to individuals; and it provides an effective voting system within the domain of the economic system, for by buying certain products and refraining from buying others, individual members of the group are able to express their will in regard to what shall be produced, and when and where this should be made available. Moreover, in performing these functions, the money mechanism is the means of mobilising the increment of association, and therefore should be the medium for distributing the resulting benefits to the individuals within the group, in the form of dividends on the common inheritance.

While a full understanding of the defects responsible for the outrageous results the monetary system at present produces can be gained only by a study of the subject in Major Douglas's works, there are certain outstanding and indisputable facts concerning it which establish inescapable conclusions of fundamental importance.

6. The monetary system is the pivot of the economic structure.

Individual members of the social grouping are able to obtain a share in the production only if they possess money. To the extent that they have money they have economic security, and to the extent that they can obtain this without conditions attaching to it they have freedom in the economic sphere. An individual without money is reduced to a state of complete impotence. These conditions are governed by the purchasing power of money. That is to say by its relation to goods through the price system.

A community can draw upon its productive resources only to the extent that its credit is monetised. Any arbitrary restriction of the monetisation of the communal credit arbitrarily restricts the use of its resources which can be made by society.

Control of monetary policy is a sovereign power. It determines the extent to which the community as a whole, and its members individually, can get what they want in the economic sphere. The sovereignty of a democracy demands effective control of monetary policy. And because it affects the rights of individuals and their relations with each other more than any other factor of social life, it is the most important function of democratic government. ***Therefore monetary policy should be determined in the governmental sphere,*** according to the collective will of democracy, and executed in the economic sphere, where, because of the voting power of money, democracy can also control policy in all other matters of economic activity.

In this country control of monetary policy rests with the Bank of England. The banking institutions alone possess the right of monetising the community's credit, and in this respect they are under the effective control of the Bank of England. Thus an authority at the apex of a highly centralised and pyramidally organised private monopoly has the sovereign power of monetary control over the entire community. The report of the Macmillan Committee is explicit about this matter:

The Bank of England is almost unique as a Central Bank in that it is a private institution practically independent of any form of legal control save in regard to its powers of issuing bank notes and granting loans to the State.
The restrictions, so far as there are restrictions, under which the Bank works in its operations are restrictions which the Bank has imposed on itself, and which, of course, it has power to alter. (From the evidence of Sir Ernest Musgrave Harvey, KBE, then Deputy Governor of the Bank of England.)
But the Bank also holds at command the power to increase or decrease the amount of purchasing media in the country.....
By its control over the cash base the Bank of England is in a position to regulate the volume of bank deposits.....

This private institution, by its control of the monetary mechanism, controls every aspect of social life. Moreover, the monetisation of the community's credit by the banking institutions is controlled by the note issue and the market operations of the Bank of England. The arbitrary restrictions thus imposed effectively cut off the community from access to its resources, and enable the Central bank to restrict and control economic activity as it thinks fit. This is tyranny. But when it is borne in mind that other countries are in the same position in relation to their central banks, and that this omnipotent power exercised over communities by these centralised financial monopolies is in turn centralised internationally, some conception can be gained of the power of the financial tyranny which has fastened upon all humanity.

If the monetary system functioned correctly to provide an accurate mechanism for costing in the economic sphere, it would be self-liquidating. Monetary credits would be created concurrently with the equivalent price values attaching to new production, these monetary credits would be issued as purchasing power to the community at the rate at which the price values fell due for liquidation, and these price values would be liquidated as the production was consumed by the community, while the corresponding purchasing power would be retired. The growing mountains of debt which threaten to bring our financial arrangements to a state of chaos are sufficient evidence that the system is not self-liquidating. This is because it has an inherent fault which operates to the great advantage of the financial tyranny.

It is an essential feature of the capitalist productive system—that is, the system in which progress in production is dependent on the development of capital goods—that a community constantly consumes less than its total production. Production, of course, includes both capital goods and final consumable products in their various stages of production. The costs of the former are accounted into the prices of the latter as they depreciate—that is, as they are consumed.

Taking the five-year period 1927-1931 inclusive, the economic position was progressive. Capital goods production was steadily pursued. In each of these years the total consumption of the community was less than the total production. The unconsumed production was carried forward, and so were the costs attaching to it. These costs had to be liquidated at a future date. If monetary credits were created concurrently with new production according to the price values attaching to it, being retired only as the production was consumed and the corresponding price values liquidated, the monetary credits available to the community should have reflected the accumulating price values attaching to production not consumed in each period but carried forward into the future. Actually the monetary credits of the community, as represented by bank deposits, remained substantially constant throughout the five years. Thus in each period of six months or a year, the community surrendered purchasing power equivalent to its production, whereas it should have paid only for its consumption. Therefore, as costs attaching to its production carried forward for future consumption fall due for liquidation, the community cannot meet them, and a chronic shortage of purchasing power must result.

This fault in the cost accountancy system has been in operation for a long period, and its results are evident in the world today in the existence of poverty side by side with the wholesale destruction and restriction of production; in the inability of home markets to absorb the available goods, resulting in savage competition between producers and distributors at home, and in fierce economic war for export markets waged between nations (a form of war which in time must inevitably lead to armed hostilities); in the growing debt structure everywhere; and in most of the economic difficulties of our times. The resulting feature which is of the most value to the financial monopoly is the increase of debt.

Every sanction of the legal system exists to enforce the obligations of debtors to creditors. Even the Lord's Prayer has been altered, not altogether euphoniously, to eliminate the dangerous sentiment which, less than fifty years ago, was worded "Forgive us our debts, as we forgive our debtors." Through control of the monetary system the controllers of the financial monopoly have effective control over the debt structure — control over debtors— and thus control over entire communities. If, owing to a chronic shortage of purchasing power, people can gain access to production which they are unable to purchase, only by incurring debt against future monetary credits to be issued to them, the end is easily foretold; it is a question of time only before the debt structure will overwhelm entire nations. That is a situation which is rapidly approaching.

Finally, the distribution of purchasing power solely through the medium of wages, salaries and dividends ensures that members of the community can gain access to production only as a reward for work within a productive system which is progressively eliminating the need for human labour as processes are improved.

The insanity of this, which should be plain, does not seem to have penetrated the minds of governments, who continue to concentrate on "curing unemployment." This not only binds members of communities more firmly to the yolk of financial tyranny, but denies them the right, arising out of the increment of association, of access to their share in the cultural inheritance, which alone can assure them security and freedom within the economic sphere.

7. The measures needed to rectify the mechanical and administrative defects revealed by the necessarily condensed and technical examination of the monetary system in the preceding pages do not present any great difficulty, if the principles of social organisation are borne in mind. The objective should be to confer the maximum security and freedom on individual members of the community. The change involved in the economic sphere must be from economic tyranny to economic democracy. This means a complete change in the *nature* of the social order. No such fundamental change can be successfully accomplished by a violent upheaval in the social life. The various mechanisms of production, distribution, and so forth, have been built up through the centuries and are bound up with the credit of a community. It is pragmatically desirable that such change should be made with as little dislocation as possible to the life of society along ordinary and evolutionary lines.

The measures necessary to achieve this within the domain of the economic life of the community can be summarised:

(1) The monstrous power of the financial tyranny resides in the sovereign right it has usurped to control monetary policy. The sovereignty of democracy can be established only when democracy has control of monetary policy. This is a function outside the economic sphere, and it can be established and carried out only in the domain of the governmental system. The policy defined by democracy in the domain of government will, however, require administration in the economic sphere. There must exist a body of technical experts who are responsible to democracy to carry out policy.

(2) A democratic community must have access to its resources. Therefore there must be no arbitrary restriction of the monetisation of credit. Control must be effectively vested in democracy. Monetisation of credit resources must be limited only by the monetary measure of the community's real credit and the extent to which it desires to draw upon this.

(3) The defect in the cost accountancy system whereby the community is forced to surrender monetary credits representing purchasing power to the extent of its total production can be rectified by:

(a) Instituting proper accounts in which the community is credited with the monetary price values of all production and debited with all money credits issued to it, the account being written up in respect of all production and written down in respect of all consumption.
(b) The adjustment of prices of all consumable goods purchased by the community so as to enable the available purchasing power to meet the price values of the production on the market; this can be achieved by authorising retailers to sell their goods at a discounted price bearing the same proportion to the selling price as now computed, as total consumption bears to total production for the period immediately preceding. If necessary, to introduce a safeguard against exploitation of the community, it can be made conditional that an agreed ratio of profit on turnover is observed.
(c) The loss to retailers to be made good by transfers to them of monetary credits from the community's credit account, these transfers being concurrently debited to the community.

(4) In order that individual members of the community should obtain full advantage of the increment of association in terms of security and freedom in the economic sphere, the monetary credits distributed in price discounts should be limited, and the balance necessary to adjust the deficiency in purchasing power distributed to every member of the community as an equal dividend on the common cultural inheritance. As production becomes more dependent on improved processes and less dependent on human effort, the dividend should progressively replace the wage and salary system as the channel for distributing purchasing power.

The adoption of the foregoing measures within the economic sphere would abolish poverty, the community having access to its abundant resources; and because the deficiency of purchasing power would no longer exist, orderly co-operation would replace the present fierce competition for markets both home and abroad, thus removing the chief cause of war and civil disorders. Moreover, the economic life of the community would be organised on democratic lines. Economic democracy would be established.

The monetary system would operate as an effective voting mechanism whereby the community controlled both policy and the personnel administering policy in economic matters.

The wage system as the sole method of distributing purchasing power is the most powerful instrument for enslaving people which the human mind has devised.

If the only means by which members of a community can acquire purchasing power, i.e., licences to live, is by a forced obligation to work under conditions over which they have no effective control, they are slaves. However the wage system supplemented by a social, or national, dividend would confer freedom in the economic sphere. With basic security people would have a dominant voice in the conditions of work they accept. The result would be that the efficient and socially-minded administrator in industry would supersede the inefficient and anti-social administrator where he exists. As purchasing power increased and the dividend assumed increasing importance, the efficacy of the money vote of individuals within the group would rapidly bring about the direction of productive policy in accordance with the collective will. It must be stressed that the money vote would, as now, be used to demand the results wanted, and that industry would continue to operate under pyramidal organisation in regard to methods. The economic structure which would be created has been described by Major Douglas as "an elected aristocracy of producers serving and dominated by a democracy of consumers." And that would be economic democracy.

The application of the foregoing technical proposals to achieve economic democracy is not the problem facing the democratic peoples of the world. This would be a task for a body of experts with the proper knowledge and the authority of democracy to give effect to a clearly-defined policy. The problem facing democracies is to overthrow the powerful financial tyranny which has assumed sovereignty over them, and to secure to themselves the sovereign right of control over monetary policy. This can be achieved only in the domain of government.

8. It is generally assumed that such countries as the USA and those grouped within the British Commonwealth of Nations are democratic because their constitutions and political mechanisms have been established to enable their communities to define policy. Nothing can be further from the truth, for in no one of these countries is administration in accordance with the will of the people; the evidence of this can be observed in the growing discontent everywhere with the state of affairs which exists.

The reason, of course, is that the sovereign right of democracy over its affairs has been usurped by the controllers of the financial monopoly. By their control of the highly centralised and pyramidally organised financial system, these people have complete control over every aspect of social life.

The economic system is itself a vast pyramidal structure with finance at the apex.

Control of policy and personnel emanates from the apex. Individual members of communities can gain access to production only on the terms permitted by the authority at the apex. In this matter the seat of real government is at the apex of the economic pyramid, and the economic system is being used as a system of government, or, to put it more correctly, as a system of domination by means of economic rewards and punishments. Not a wheel can turn, not a ship can move, not a person can consume, except by the consent of the financial hierarchy. Such is their power.

Under such conditions obviously all so-called democratic government is a farce. Democracies have been divested of their sovereignty. A tyranny, and probably the most powerful tyranny in human history, has mankind in its grip. Moreover, owing to the nature of faults in the monetary system which are so carefully preserved, centralisation of every aspect of social life is being accelerated and with this acceleration the power of the controlling financial hierarchy is being strengthened.

The technique of this tyranny is that of all tyrannies: divide and rule; engender fear; confuse.

The greatest danger to the sovereignty of finance remains in democratic countries, where the constitutional right still exists for democracy to assume sovereignty by defining policy; that is, to specify the results it wants. Therefore the greatest care has been taken to divide the communities into political camps and to ensure that electors are never consulted in regard to policy, but only in regard to various methods of carrying out the policy defined by the financial hierarchy. An environment of scarcity is essential to rule by a system of rewards and punishments under a pyramidal, i.e., a tyrannical, organisation of society. This also ensures a perpetual state of insecurity engendering fear which can be played upon. The success with which confusion has been caused is only too apparent.

The only technique likely to succeed against the methods by which the financial hierarchy retains its power is one which will have exactly the opposite results. To unite society against its common enemy; to establish confidence, i.e., restore democracy's will to sovereignty; to clarify the issue—these are the tasks. They are not likely to prove easy, for the powerful ramifications of finance have been built up over a long period, and in the process people have been conditioned to its domination. But unless this power is taken from the small group in whose hands it resides, it will destroy civilisation.

This extract is taken from an article in *The Fig Tree*, December 1936. We have a draft of the article with attached note which reads "This is first rate stuff. CHD", dated September 1936

Outlook C H Douglas

Perhaps the radical difference between the outlook of the engineer and that of the banker and economist is that the former looks to finance to be the *indicator* of facts, whereas the banker and orthodox or professional economist treat finance as the *primary fact* or as a proper agency for the *control of fact*. To the engineer, this is to elevate the ticket office of the railway into a position of greater importance than that of the railway itself.

(CHD *Synthetic Engineering*: Address to the Institution of Mechanical Engineers at Cardiff, May 1933, printed in *The New Age*, May 11 1933. Emphasis added.)

Extract from The Grip of Death

Michael Rowbotham

It might be unconscious, it might not be admitted, but behind the objections to a basic income, and the refusal to change the financial system, were a collection of prejudices and assumptions which amounted to a philosophy, and Douglas put this into words [in 1936]. 'The objective of the present system [is]consciously or unconsciously based upon this idea that the individual must be kept in a condition of economic dependence'. ....

What is being aimed at so far as you can put it into a few words, is a pyramidal slavery system by which people are kept in their places, and it is done by elevating things into rewards, and giving them values which don't exist. ... The policy is to load us individually and collectively with debt so that we shall be the slaves of our debtors in perpetuity. It is impossible to obtain money to pay off the debt, owing to the fact that our debtors are at the same time in sole control of the power of creating the money which is required to pay off the debt.

In a comment that has considerable bearing on our apparent prosperity, Douglas remarked;

The abolition of poverty in the midst of plenty, important though that is, is not the core of the problem. It is conceivable that people might be provided for as well-fed slaves. ... It has to be realised that not for thousands of years have the people of these islands been so completely enslaved as they are at the present, and that the primary characteristic of the slave is not bad treatment. It is that he is without say in his own policy.

By not reforming the financial system, the government retained control over a dependent population and thus retained a huge degree of political power. 'If you can control economics, you can keep the business of getting a living the dominant factor of life, and so keep your control of politics – just that long and no longer. …

It was in the context of this strongly political and philosophical approach that Douglas presented his later proposals. He repeatedly stressed that any recommendations he made were only intended as suggestions; the essential consideration was that the financial system needed to be changed. He thus preferred to outline the principles involved in reform, and by and large steered clear of specifying cut-and-dried solutions. For example, in Social Credit, he discussed his proposals for a national dividend in little more than a paragraph. Whilst wages would remain as they currently were, there should also be

... a dividend which collectively will purchase the whole of its production in excess of those required for the maintenance of the 'producing' population.... Under such conditions, every individual would be possessed of purchasing power which would be the reflection of his position as a 'tenant for life' of the benefits of the cultural heritage handed down from generation to generation.

Social credit became a major political movement around the world. A social credit government was elected in the province of Alberta, Canada, but every attempt which that administration made to implement a system of finance based on Douglas's ideas was overruled by the central Canadian government. The Second World War completely balked the momentum of the growing social credit movement and afterwards the government promised a 'land fit for heroes'. New centralised programmes for the rebuilding of our towns and cities were undertaken, injecting huge loans and providing plenty of jobs. The massive failures of the financial system until shortly before the war were forgotten in the post-war boom and the general desire to 'get into the future' as soon as possible. The issue of economic democracy was simply bulldozed aside in the reconstruction of the post-war 'New Jerusalem'.

Since then, Douglas's ideas have been largely neglected; either ignored or proclaimed outdated in the modern welfare state. [The Social Credit Secretariat continues to publicise Douglas's work]. But the mass media are not interested, and if you mention C.H. Douglas or social credit to anyone under the age of seventy, they will probably way, 'Who … What?' But Douglas was a massive political influence in his day, and a major figure on the world stage. He not only had a worldwide following, but gave evidence at countless official inquiries in Great Britain, Japan, Canada, New Zealand and Australia. As the most articulate and persistent critic of the economic and financial system this century, his omission from modern textbooks on the history of economics is astounding and worrying. For it inevitably reminds one of his comment; 'The whole strength of finance … lies in the unconsciousness of the average individual as to its nature'. That unconsciousness has steadily grown since Douglas's death in 1952. …

C.H. Douglas was a visionary. He perceived amidst the turmoil of economic progress, instability and acute personal hardship, that there was contained also the opportunity for widespread material prosperity and social content. Today, all the warnings and prophecies issued by Douglas and his followers nearly eighty years ago have come back as if to haunt us, but in new, terrifying modern forms – mass waste, pollution, overwork, unemployment, alienation, and the most atrocious Third World deprivation and destabilisation. Douglas's analysis and his proposals are of even greater relevance today than they were in the desperate days of 'poverty amidst plenty'.

Editor's Note: The above brief extract is taken from pages 232-236 of *The Grip of Death: A study of money, debt slavery and destructive economics* by Michael Rowbotham. Originally published in 1998, it has been reprinted again this year and is available from Jon Carpenter Publishing, £18. The 330-page book has rightly been described as "essential reading for social and environmental reformers.

Money and Credit

CH Douglas

Taken from Part1 of *The Douglas Manual* ed.Philip Mairet

The Quantity of Money

It is necessary to be clear as to the origin of what passes for money, and to understand the remarkable powers which are vested in the banking system and the financier. Consider first, legal tender, which, in this country, consists of gold, silver and copper coinage, and Treasury Notes, to the approximate value of, say, £400,000,000. It may be noticed, in passing, that this money has only value by the consent of the community of individuals we call the nation; that is to say, by their willingness to accept it in return for goods and services. It will at once be obvious, from a superficial examination of the accounts of the banks, that there is a good deal more money in the country than there is legal tender. The deposits of the "Big Five" banks and their affiliations alone represent about 2,000,000,000, and overdrafts and bills discounted represent about £1,000,000,000 more. For practical purposes, all this money is homogeneous—the average individual would draw no vital distinction between ten pounds in his pocket-book and ten pounds in the current account with one of the great banks. But it must also be obvious, on a little consideration, that something curious must have happened to enable, say, £400,000,000 of legal tender to become at least £3,000,000,000 of money, for as far as can be seen on a cursory examination of the phenomenon, however much £400,000,000 changes hands in the course of trade, it still remains £400,000,000. Something curious does happen—it is the creation of new money, which ranks equally with legal tender as purchasing power, by banks and financial institutions. (*The Breakdown of the Employment System 6-7*)

Mechanism of Credit Creation

Since the mechanism by which money is created by banks is not generally understood, and the subject is obviously of the highest importance, it may be as well to repeat here an explanation of the matter. Imagine a new bank to be started—its so-called capital is immaterial. Ten depositors each deposit £100 in Treasury Notes with this bank. Its liabilities to the public are now £1,000. These ten depositors have business with each other and find it more convenient in many cases to write notes (cheques) to the banker, instructing him to adjust their several accounts in accordance with these business transactions, rather than to draw out cash and pay it over personally. After a little while, the banker notes that only about 10 per cent of his business is done in cash (in England it is only 0.7 of 1 per cent), the rest being merely book-keeping. At this point depositor No. 10, who is a manufacturer, receives a large order for his product. Before he can deliver, he realizes that he will have to pay out, in wages, salaries, and other expenses, considerably more 'money' than he has at command. In this difficulty he consults his banker, who, having in mind the situation just outlined, agrees to allow him to draw from his account not merely his own £100, but an 'overdraft' of £100, making £200 in all, in consideration of repayment in say, three months, of £102. This overdraft of £100 is a credit to the account of depositor No. 10, who can now draw £200……

The Power of the Banker's Pen

The banker's liabilities to the public are now £1,100, none of the original depositors have had their credits of £100 each reduced by the transaction, nor were they consulted in regard to it, and it is absolutely correct to say that £100 of new money has been created by the stroke of the banker's pen.

Depositor No. 10 having happily obtained his overdraft, pays it out to his employees in wages and salaries. These wages and salaries, together with the banker's interest, all go into costs. All costs go into the price the public pays for its goods, and consequently, when depositor No. 10 repays his banker with £102 obtained from the public in exchange for his goods, and the banker, after placing £2, originally created by himself, to his profit and loss account, sets the £100 received against the phantom credit previously created, and cancels both of them, there are £100 worth more goods in the world which are immobilized—of which no one, not even the banker, except potentially, has the money equivalent. (Monopoly of Credit 16-17)

We shall continue to reprint *The Douglas Manual* in future issues

The Alberta Experiment

Clifford Hugh Douglas (1937)

Chapter 2 **The Debt Situation**

If an explanation of the causes of Mr. Aberhart's victory in 1935 were required in one word it could be given. That word would be "debt." The refusal to deal with the consequences of debt – taxation – is a complete explanation of the early failure of Mr. Aberhart's policy, and a warranty that such preliminary failure will not be accepted by the population as in any way a solution to its problems (1).

To understand the extent to which the Province of Alberta, in common with other Western Provinces in particular and the world in general, is riddled with debt, perhaps the simplest method of approach is to bear in mind that the major portion of the population enters the Province, whether by immigration or birth, in possession of little or no *money*. The Province does not grow *money*, it grow wheat. The earlier settlers were for the most part homesteaders, taking up a free quarter-section (160 acres) of Government land which they developed. They required money for seed, for wages (where they employed labour), for agricultural implements, as well as for amenities. They obtained the money from branches of the eastern banks which were established on the prairie, giving as security promissory notes, repaid when their produce was sold, and generally secured by chattel mortgages (2). Without, at this time, going into the technicalities of loan creation, it is obvious that even with regard to this aspect of the matter, the population collectively had to obtain a profit of at least the bank rate of interest (frequently eight or nine per cent) from outside the Province, in addition to selling its produce at a price which would cover all the expenditure on its production, together with the cost of living, the purchase of fixed capital assets, etc., in order to be free of debt at the end of the year, even without having obtained any debt-free *money*. To illustrate the extent of this process, an instance brought to my attention in Alberta is instructive.

A branch manager was sent out by one of the eastern banks to a small town in central Alberta, and debited with a loan of \$20,000 at five per cent interest, the \$20,000 being in the form of the bank's own currency notes. Within six months of opening his branch of the bank, the official in question had loaned \$600,000 dollars on the basis of his \$20,000 in bills, and had in his possession \$80,000 in bills, due to ordinary banking business. This situation had, of course, been achieved through the well-known principle that every bank loan creates a deposit. The average rate of interest charged on the \$600,000 was eight per cent, so that the profit on monetising the *borrowers' credit* was \$48,000 per annum.

The foregoing situation probably constitutes the base of the debt structure of the Province. Superimposed upon it is the bond system, forming the basis of municipal and similar taxes. As the Province developed, road-making and public works, administrative buildings, and other amenities were financed by the simple process of selling bonds to the local banks on the security of the taxing power of the local authority, a situation not dissimilar to and probably more onerous than the rating system in Great Britain. The banks thus became, in effect, the perpetual mortgages of all public works, and either drew interest upon the bonds at a high rate, or sold them to the public at inflated prices. The money issued in return for the bonds formed a major source of the circulating medium of the Province.

Still higher up the scale were the Provincial loans floated in New York, London and Eastern Canada on much the same principles, and forming, in effect, a mortgage on the Provincial taxing power. The funded debt of the *Province* amounts to approximately \$1,000 per family. But it has to be remembered that the taxing power of the Dominion, both direct and indirect, extends to the provinces, so that, in addition to municipal and Provincial taxes, the unfortunate citizen is taxed as a citizen of the Dominion of Canada, this taxing power being the basis of immense Dominion loans held in London and New York, the proceeds of which are largely used for objects in which the Western Provinces are not interested.

Similarly, the great majority of real property transactions and building operations involve the creation of debt, both in respect of costs of construction, in most cases carried out with borrowed money, and also because they automatically become the basis of an assessment for taxation purposes, Provincial and Federal. The latter situation has become so serious in such cities as Edmonton and Calgary that in many cases house property of the most modern and eligible type has been shut up and lies unused, not because it is not urgently needed, but because the taxation upon it makes it impossible for the ordinary individual to occupy it. The result of this is to narrow the base of the taxation pyramid, and to increase the various forms of taxation upon property which is occupied. Thus still further property is driven out of use (3).

In a country which is essentially rich, but which is subject to extremes of climate, the physical consequences produced by these financial causes are difficult to realise otherwise than by personal experience. With a temperature ranging from over 90‰ Fahrenheit in the summer to under 40‰ below zero in the winter, adequate housing and heating are matters of life and death rather than mere comfort. In spite of this, flimsy shelters constructed of old packing material and containing a cheap stove kept at red heat in the winter can be seen in many parts of the Province, housing a man, his wife, and small children, even the most primitive sanitary arrangements being lacking. Cases of such cabins catching fire in a raging blizzard are frequent, and the hardship which attends such existences is barbaric. The conditions of labour upon the primitive farms (not to be confused with the well-developed homesteads which can also be seen in the more settled portions of the Province) are inhuman. During the summer, in which there is practically no night, eighteen to twenty hours of physical work per day, of the most exacting description, is usual. Yet in spite of this, it is a commonplace for a homesteader, after having put in ten or fifteen years of grinding labour, to abandon his farm to anyone who cares to occupy it and assume its debts and taxes, the dispossessed family moving to Edmonton or Calgary, to be kept at the expense of the community. It is against this background that the appeal of Social Credit and its promise of dividends for all must be judged (4).

1 What follows is a neat explanation of the relationship between debt and taxation which has by no means dated with the passage of time.
2 USA and Canada, a mortgage secured on moveable personal property.
3 Although the example used here is particular to the Western Provinces of Canada at the time, taxation impacts upon homes and businesses across the world.
4 Although the 'money problem' can take many forms, farmers across the world continue to be plagued by financial worries which have nothing to do with their ability to tend the land and produce food and other raw materials for the community.

Book Review

The Economics of Happiness: Building Genuine Wealth
Mark Anielski
New Society Publishers, 2007,
US$17.95, CAN$20.95, UK£11.50
ISBN 978-0-86571-596-7

Frequently I have been asked to explain how alternatives such as social credit economics relate to 'proper' economics as studied in schools and universities. The unspoken assumption is that heretical teachings which fail to follow the principles of orthodoxy must be fundamentally flawed. Now, at last, I can refer the sincere inquirer to *The Economics of Happiness*, confident that the book will answer all questions save the most deliberately obtuse.

The Economics of Happiness stands to become a classic. As an ecological economist, the author writes with assured authority on the relationship between the economic theories which have served industrial capitalism well but which now need to be superseded, and the emerging alternatives. Following in the footsteps of

Thorstein Veblen and J. K. Galbraith, Anielski presents a thoroughly readable economics text, packed with quotable quotes and deserving of serious study. He has analysed practical experiments in sustainable production and accounting alongside the work of key authorities in economics, commerce and the environment. The whole is distilled to produce a solid basis for the founding of sustainable communities based on socially and ecologically sound procedures. At times, the text is a revelation. Why on earth should we continue to accept as legally and morally correct that a corporation should prioritise the financial interests of its shareholders at the expense of the human, social, natural, "built" [sic] and financial capital of the wider community in which it exists and upon which it is totally dependent?

I can think of no category of human beings - from artists, architects and accountants, through teachers and students, bankers and top corporate executives, farmers, historians, media reporters, medics, technicians, parents of day-old twins and Nobel prize winning economists – who could possibly regret buying a copy of this book, studying it, and handing it on to family, friends and colleagues. Being human means drawing upon the five forms of capital – human, social, natural, built and financial – all of which are indispensable to human life. Mark Anielski breaks new ground, moving beyond despair by drawing together threads of good practice and positive thinking to weave a guide to personal, local, national and global development of a healthy relationship between the five forms of capital.

The process involves a radical re-think of measures of wealth and well-being. Introducing the Genuine Progress Indicator (GPI) conception of well-being, in contrast to the conventional measurements of Gross Domestic Product (GDP), Anielski observes:

The GDP's ideal economic hero is a chain-smoking, terminal cancer patient going through an expensive divorce whose car is totalled in a 20-car pile-up as a result of being distracted by his cell phone while munching on a fast-food hamburger – all activities that would contribute to the GDP. GPI, on the other hand, suggests that many of these "heroic" activities are regrettable and indeed should not be counted as genuine progress.

We have waited a long time for an explanation of the exactly how and why conventional economic measurements are fundamentally flawed. This authoritative account of the potential to implement economic accountability blows away the mystique of the financial 'bottom line'.

Anielski is a skilled teacher, thoroughly familiar with the work of leading authorities past and present, and able to introduce their work in such a way as to encourage the reader to study the literature for themselves. The book is a masterly blend of textbook-style teaching of the key points combined with personal accounts of good practice consistent with sound thinking on the subject. The author met and talked with writers, practitioners and students from a variety of backgrounds and from many countries, including China where he is currently senior economics advisor and Alberta, Canada where he lives and teaches at the Business School. The result is a very focused work.

The author throws the ball firmly into the court of the reader. As members of families, local communities, municipalities, provinces and nation states, we must all make choices both individually and in association with others. Throughout the rise of capitalism we have been encouraged to base those choices on increasingly materialistic and self-interested principles, because those are the ones which have governed the institutions of capitalism. It is now time to revise our automatic acceptance of those principles:

If capitalism is a religion then it is time to be honest about its theology, to celebrate the gifts of what modern capitalism has provided and to then redesign an economy based on the principles of right livelihood, stewardship, giving and receiving (reciprocity) genuine competition (striving together), abundance, moderation, sufficiency and harmony with nature.

The question is, can businesses and all forms of enterprise become competitive in the original sense of "to strive together or seek (*petere*) together (*com*) some common interest"? By way of an answer it is necessary for all engaged in the everyday tasks of consumption, production and distribution to shed our comfortable assumptions about the legal and financial institutions which govern everyday life in a developed economy.

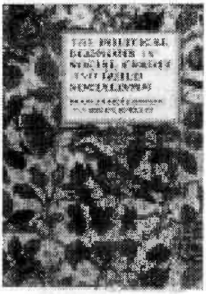
As all who have turned their minds to social credit and allied bodies of economic thought know, the pursuit of socially and ecologically sane forms of economic practice must be based upon a sound understanding of money and financial institutions. The chapter on "Money and Genuine Wealth" assembles the work of key authors on the subject, and presents original research into practical experiments in interest-free banking. As throughout the book, the reader is introduced to appropriate and readable key texts on the subjects covered.

A century ago, John Ruskin observed: "That country is the richest which nourishes the greatest number of noble and happy human beings". *The Economics of Happiness* paves the way for individuals, localities and nations to build a healthy relationship between the earth and its peoples based upon genuine wealth. It is to be welcomed as a major contribution to existing literature on the economics of sustainable development.

Frances Hutchinson

Recommended Reading

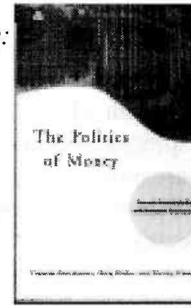
Frances Hutchinson & Brian Burkitt



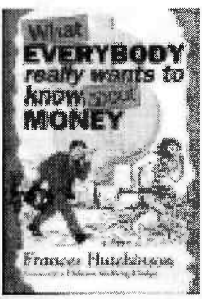
The Political Economy of Social Credit and Guild Socialism
(Jon Carpenter £12.99)

Frances Hutchinson, Mary Mellor & Wendy Olsen

The Politics of Money: Towards Sustainability & Economic Democracy
(Pluto £16.99)



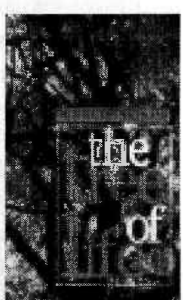
Frances Hutchinson
Social Credit? Some Questions Answered
(KRP £5.00)



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

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

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



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

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

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