

The SOCIAL CREDITER

For Economic Democracy

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Editorial

Money has been around for thousands of years, as have trade and farming. However, in ancient times money did not govern virtually all social and economic relations. People may have traded surpluses for money, but they did not farm primarily for money, they did not care for the sick for money, and they did not decide on financial grounds when to have their children. Exchange for money was not an everyday event upon which all life depended. 'Wages' would often be paid in kind (the term 'salary' has arisen from the salt paid to Roman centurions) and until well into the 19th century taxes could still be paid in kind. The industrial revolution brought about a new state of affairs where the goods and services necessary for everyday life were increasingly produced with a view to being sold for money. Now money itself 'makes' money. On the international financial markets 95% of the dealings are concerned with speculation and only 5% relate directly to material goods. Nevertheless, the 'winnings' on this vast speculative gamble give entitlement to the goods and services provided from the land and the exploited labour of its poorest inhabitants. We all collude in this system in order to obtain our food, clothing and other necessities of life. Social credit philosophy suggests it is our primary duty to examine what we do for and with 'our' money, and what we call others to do by our toleration of a financial system which is wrecking the earth.

We do not need GM or newly financed biotechnologies to 'feed the world'. On the contrary, we need to call a halt to the growing financial stranglehold on the

means of human survival. Already vast swathes of the third world have seen their traditional agricultural patterns being swept aside so that cheap land and cheap labour can be made available to grow cash crops for export (forming the basis of the speculative international financial system). With their land taken from them, small family farmers end up on poor, marginal soils and face starvation or are driven into the sprawling shanty towns, where they form a pool of cheap labour producing manufactured goods for export. Meanwhile it is no longer 'economic' to produce traditional crops in the UK. There are plans for ten further countries to join the European Union, so that European farming will suffer further planned devastation. In Poland, for example, much farming is still organic, using natural rotations suited to the climate and the soils, using knowledge and skills handed down and adapted through the generations. Subsidies will be made available to eradicate the small farms and for the land to be taken over for commercial farming, so that the 'cheap' land and 'cheap' labour can be used to produce agricultural crops for export to this country. All this will further render British farming financially redundant, whilst bringing social devastation to the people of Poland and the other European countries. Note that the so-called 'free' market is anything but free: the system of taxes and subsidies forces people to make changes which their better judgement advises against, so that somebody, somewhere can make a financial 'killing'. 'The market' is a highly engineered power house which has caused poverty, starvation and environmental degradation as it has rampaged across the world.

The destruction of self-sufficiency in India is undertaken by the same economic interests through which we "asses in

clover" receive our everyday needs. Arundhati Roy's Brazil speech helps us to realize that the hardworking "men in suits" are dealing across the world on behalf of the elite interests of a few very powerful men in each country. The resources of all of us, our land, our labour and our technical skills are being commandeered by the men who run the system, and have to be bought back by us on terms which are not, presently, our own. It is time to take time to take stock.

The Politics of Money: Towards Sustainability and Economic Democracy, by Frances Hutchinson, Mary Mellor and Wendy Olsen, Pluto Press £16.99, is being highly recommended at meetings across the country.

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

If the world is so rich, why the scarcity?

Margaret Legum

A woman I know 'composts' her garden by burying kitchen waste. From these sites spring crops of potatoes, tomatoes, peppers, even pawpaws. It is not a tidy vegetable garden; but it is abundant - because nature is abundant.

In this century humankind has invented technology that produces everything we need in mind-boggling quantities. The computer industry alone is over 70% over-produced. Much the same for cars, clothing, fruit - you name it. Hence, the need for constant disposability, updating, throwing away, rubbishing - otherwise the economy crashes. Of course all this is unsustainable because it gobbles non-renewable energy, natural stocks of timber, fish, ground water, clean air and all other God-given resources.

We are beginning to take that on board, and the re-cycling industry, part of the Green movement, is only one product of that recognition.

Less often focussed is the question how on earth humans have devised an economic system that turns that amazing abundance into so much scarcity. How come millions more than ever before live at starvation levels? Ineffective governments in poor countries? Then how come the numbers of poor people have risen in every G8 country in the last 30 years? How come average education and health standards have fallen in the developed countries? How come that trend is most marked in the richest of all, the US?

The average US household earns less, works longer hours and has more debt than it did 30 years ago. A quarter of New York's population lives below the official poverty line, meaning they cannot find housing and keep a family in health. One in seven Americans is

functionally illiterate and innumerate. Household debt in the UK is over £800bn. There is TB and rickets again in British slums - not seen since the 1930s. Even the egalitarian Scandinavians experience homelessness.

And those of us who keep out of poverty do so by working longer hours and in more stressfully competitive insecurity than ever before. Those at the top believe they must earn and save huge incomes against the ever-present possibility of failure and unemployment. Twenty million dollars, a New York real estate salesperson told writer David Cohen, is what he would need to feel secure. And how is it that a country like Argentina, which until the 1980s supported prosperous farmers, flourishing cities, a sophisticated and creative middle class, and attracted millions of Europeans to its shores now displays a population of competing rubbish-scavengers and a desperate middle-class clamouring at the doors of banks that have gone out of business? Not to mention China in which factory closures render literally millions unemployed and without state benefits, while the rich stash away fortunes. Or Russia, where the economy supports few outside the Mafia.

How do we explain all this? How do we explain that new enterprise generally pays workers less than the same industry two and three decades ago? The conventional answer is that the global market forces producers to compete internationally, and this reduction in living standards is the price of competitiveness - to which we are all required to aspire. If that results in poverty, well that's the way the cookie crumbles in this hard old world. Well, that is one part of the answer, and as a response to human

suffering, it is a pretty callous one. But there is more to it.

First, the global market has drastically skewed the power relationship between capital and labour, in favour of capital. The relative rewards to labour fall all the time. Wealth siphons up through a narrowing filter, giving people with money - banks, investment houses and rich individuals - a burgeoning slice of the product of all enterprise. This is due to the mobility of capital, which can make conditions for its presence, over-riding the democratic accountability of governments.

Second, those top incomes are so huge that they cannot all be spent on goods and services. Money is being used increasingly for gambling. Over 95% of all the money travelling between countries is now purely speculative - never engages with the real world of goods and services.

Third, this has the effect of removing money from the reach of consumers of those goods and services. It has the same effect as hoarding. Money is hoarded in other ways too, because of the global market. The punishment for government debt, especially in poor countries, is so severe that governments try to build reserves, both internally and externally. Governments hoard money against a rainy day, otherwise they risk being clobbered by 'the markets' - often by a run on the currency. Money becomes scarce when it is hoarded.

All this suits the owners of capital, because scarce money keeps its value. They have created an artificial scarcity of investment capital by keeping much of it outside of real economies and getting its profit by speculation. This prevents the rest of us developing our economies and ending scarcity.

Make no mistake - that is what is going on.

The following speech by Arundhati Roy was given at the World Social Forum, Porto Alegre, Brazil, on 27th January, 2003. Since she spoke in January Iraq has been bombarded by weapons of mass destruction despite worldwide protest.

Confronting Empire

Arundhati Roy

I've been asked to speak about "How to confront Empire?" It's a huge question, and I have no easy answers. When we speak of confronting "Empire," we need to identify what "Empire" means. Does it mean the U.S. Government (and its European satellites), the World Bank, the International Monetary Fund, the World Trade Organization, and multinational corporations? Or is it something more than that? In many countries, Empire has sprouted other subsidiary heads, some dangerous byproducts - nationalism, religious bigotry, fascism and, of course terrorism. All these march arm in arm with the project of corporate globalization.

Let me illustrate what I mean. India - the world's biggest democracy - is currently at the forefront of the corporate globalization project. Its "market" of one billion people is being prized open by the WTO. Corporatization and Privatization are being welcomed by the Government and the Indian elite. It is not a coincidence that the Prime Minister, the Home Minister, the Disinvestment Minister - the men who signed the deal with Enron in India, the men who are selling the country's infrastructure to corporate multinationals, the men who want to privatize water, electricity, oil, coal, steel, health, education and telecommunication - are all members or admirers of the RSS. The RSS is a right wing, ultra-nationalist Hindu guild which has openly admired Hitler and his methods.

*A time bomb is ticking in our ancient land.....
The free market does not threaten national sovereignty, it undermines democracy.*

The dismantling of democracy is proceeding with the speed and efficiency of a Structural Adjustment Program. While the project of corporate globalization rips through people's lives in India, massive privatization, and labor "reforms" are pushing people off their land and out of their jobs. Hundreds of impoverished farmers are committing suicide by consuming pesticide. Reports of starvation deaths are coming in from all over the country. While the elite journeys to its imaginary destination somewhere near the top of the world, the dispossessed are spiralling downwards into crime and chaos. This climate of frustration and national disillusionment is the perfect breeding ground, history tells us, for fascism.

The two arms of the Indian Government have evolved the perfect pincer action. While one arm is busy selling India off in chunks, the other, to divert attention, is orchestrating a howling, baying chorus of Hindu nationalism and religious fascism. It is conducting nuclear tests, rewriting history books, burning churches, and demolishing mosques. Censorship, surveillance, the suspension of civil liberties and human rights, the definition of who is an Indian citizen and who is not, particularly with regard to religious minorities, is becoming common practice now. Last March, in the state of Gujarat, two thousand Muslims were butchered in a State-sponsored pogrom. Muslim women were specially targeted. They were stripped, and gang-raped, before being burned alive. Arsonists burned and looted shops, homes, textiles mills, and mosques. More than a

hundred and fifty thousand Muslims have been driven from their homes. The economic base of the Muslim community has been devastated.

While Gujarat burned, the Indian Prime Minister was on MTV promoting his new poems. In January this year, the Government that orchestrated the killing was voted back into office with a comfortable majority. Nobody has been punished for the genocide. Narendra Modi, architect of the pogrom, proud member of the RSS, has embarked on his second term as the Chief Minister of Gujarat. If he were Saddam Hussein, of course each atrocity would have been on CNN. But since he's not - and since the Indian "market" is open to global investors - the massacre is not even an embarrassing inconvenience. There are more than one hundred million Muslims in India. A time bomb is ticking in our ancient land.

All this to say that it is a myth that the free market breaks down national barriers. The free market does not threaten national sovereignty, it undermines democracy.

As the disparity between the rich and the poor grows, the fight to corner resources is intensifying. To push through their "sweetheart deals," to corporatize the crops we grow, the water we drink, the air we breathe, and the dreams we dream, corporate globalization needs an international confederation of loyal, corrupt, authoritarian governments in poorer countries to push through unpopular reforms and quell the mutinies.

Corporate Globalization - or shall we call it by its name? - Imperialism -

needs a press that pretends to be free. It needs courts that pretend to dispense justice. Meanwhile, the countries of the North harden their borders and stockpile weapons of mass destruction. After all they have to make sure that it's only money, goods, patents and services that are globalized. Not the free movement of people. Not a respect for human rights. Not international treaties on racial discrimination or chemical and nuclear weapons or greenhouse gas emissions or climate change, or - god forbid - justice. So this - all this - is "empire." This loyal confederation, this obscene accumulation of power, this greatly increased distance between those who make the decisions and those who have to suffer them. Our fight, our goal, our vision of Another World must be to eliminate that distance.

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So how do we resist "Empire"?

The good news is that we're not doing too badly. There have been major victories. Here in Latin America you have had so many - in Bolivia, you have Cochabamba. In Peru, there was the uprising in Arequipa, In Venezuela, President Hugo Chavez is holding on, despite the U.S. government's best efforts. And the world's gaze is on the people of Argentina, who are trying to refashion a country from the ashes of the havoc wrought by the IMF. In India the movement against corporate globalization is gathering momentum and is poised to become the only real political force to counter religious

fascism. As for corporate globalization's glittering ambassadors - Enron, Bechtel, WorldCom, Arthur Anderson - where were they last year, and where are they now? And of course here in Brazil we must ask ...who was the president last year, and who is it now?

Still ... many of us have dark moments of hopelessness and despair. We know that under the spreading canopy of the War Against Terrorism, the men in suits are hard at work. While bombs rain down on us, and cruise missiles skid across the skies, we know that contracts are being signed, patents are being registered, oil pipelines are being laid, natural resources are being plundered, water is being privatized, and George Bush is planning to go to war against Iraq. If we look at this conflict as a straightforward eye-ball to eye-ball confrontation between "Empire" and those of us who are resisting it, it might seem that we are losing. But there is another way of looking at it. We, all of us gathered here, have, each in our own way, laid siege to "Empire." We may not have stopped it in its tracks - yet - but we have stripped it down. We have made it drop its mask. We have forced it into the open. It now stands before us on the world's stage in all its brutish, iniquitous nakedness. Empire may well go to war, but it's out in the open now - too ugly to behold its own reflection. Too ugly even to rally its own people. It won't be long before the majority of American people become our allies. ...

Before September 11th 2001 America had a secret history. Secret especially from its own people. But now America's secrets are history, and its history is public knowledge. It's street talk. Today, we know that every argument that is being used to escalate the war against Iraq is a lie. The most ludicrous of them being the U.S. Government's deep commitment to bring democracy to Iraq. Killing

people to save them from dictatorship or ideological corruption is, of course, an old U.S. government sport. Here in Latin America, you know that better than most. Nobody doubts that Saddam Hussein is a ruthless dictator, a murderer (whose worst excesses were supported by the governments of the United States and Great Britain). There's no doubt that Iraqis would be better off without him. But, then, the whole world would be better off without a certain Mr. Bush. In fact, he is far more dangerous than Saddam Hussein. So, should we bomb Bush out of the White House? It's more than clear that Bush is determined to go to war against Iraq, regardless of the facts - and regardless of international public opinion.

What can we do? We can hone our memory, we can learn from our history. We can continue to build public opinion until it becomes a deafening roar. ... Our strategy should be not only to confront empire, but to lay siege to it. To deprive it of oxygen. To shame it. To mock it. With our art, our music, our literature, our stubbornness, our joy, our brilliance, our sheer relentlessness - and our ability to tell our own stories. Stories that are different from the ones we're being brainwashed to believe.

The corporate revolution will collapse if we refuse to buy what they are selling - their ideas, their version of history, their wars, their weapons, their notion of inevitability.

Remember this: We be many and they be few. They need us more than we need them. Another world is not only possible, she is on her way. On a quiet day, I can hear her breathing.

Arundhati Roy is the author of *The Algebra of Infinite Justice* (Flamingo 2002).

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A Further Extract from ASSES IN CLOVER

Eimar O'Duffy

BOOK 3 CHAPTER V

Professor Banger demonstrates the economic impossibility of liberating the birds

NOW although it was generally felt that Cuanduine was something of an extremist on the bird question, there were many people who thought it would be a pleasant thing to have a moderate number of birds about the world. These complained that there had been too much shilly-shally about this question; that it was time it was settled once and for all; that they could see no reason why a compromise could not be effected by the exercise of a little goodwill on all sides, and a partial distribution be made at once; and in fact showed more annoyance than can safely be ignored in persons with votes and influence. There were also others who cared not a jot about birds, but thought it would be better to set them loose than to have an angry demi-god rampaging about the world in an invincible airplane.

These opinions coming to the ears of Mr Slawmy Cander, he took alarm lest the scheme he was maturing should be imperilled, and announced that a series of lectures explaining the situation would be delivered by the leading economists forthwith. He sent to the microphone accordingly, Professor Banger, Professor Whipcord, Professor Juggins, Professor Swallowdown, Professor Darkness, Professor Stone, and Professor Gudgeon; all good men of excellent parts and discretion, of whose soundness and orthodoxy he was fully assured. It is true that they did not entirely agree with one another, in so much that if what one said was correct, the others must of necessity be fools or liars: but in this subject of Economics, orthodoxy does not consist in a slavish uniformity either of first principles or of consequents, but in the

recognition of the supremacy of Finance over humanity: only those who deny this are counted heretics.

The first lecture was delivered by Professor Banger, who spoke as follows:

'Ladies and gentlemen, the suggestion that the birds accumulated by the late King Goshawk should be redistributed would appear at first sight to be a most attractive one. Such Utopian ideals have, indeed, been advocated from time to time by some of the finest minds of our race, and have even exercised a certain fascination over large sections of mankind. We must not, however, confuse the desirable with the possible; and it will be my duty tonight—not altogether a pleasant duty, ladies and gentlemen—to demonstrate that this project does not come within the latter category. To put the unpleasant truth as plainly as possible, this project is simply another example of the human tendency—natural but unreasonable—to demand something for nothing. It is yet another case of trying to get a quart out of a pint bottle.

The plain fact of the matter is that the number of birds is not infinite, but strictly limited. I have demonstrated on another occasion that if all the money in the world was equally divided, there would only be about four and sixpence a week for each person. It is obvious, therefore, that we cannot afford the expenditure necessary to liberate the birds, or to maintain them afterwards. It is true that many of them feed on things that are unfit for human consumption—such as worms, grubs, snails and caterpillars—though even these are not to be discounted as potential sources of nourishment in times like the present. But

in addition they would, if set at liberty, consume thousands of pounds' worth of wheat and other such grains which, under modern conditions, form such a useful source of fuel supply for locomotives and destructors.

Another important point to which I wish to direct your attention is this. So long as our working classes believe that we can tax business profits indefinitely in order to provide subsidies and doles and other alleviations of that kind, so long must our present downward course continue. And the reason is obvious. Why are people unemployed, and how do they become employed? Simply because someone with money saved from personal consumption employs them to produce something which he can sell at a profit. If there were no incentives to such people to save and invest their money, there would be no employment for anybody. We should simply stand about with our hands in our pockets and starve. That was what actually happened in primitive times. There were no capitalists to employ the people, so they just sat down and died.

Suppose a party of people were wrecked on a desert island, what do you think would be the first thing they'd do? Obviously they would look around for a man with money to employ them in gathering fruit. If there were no capitalist among them, or if he didn't see his way to make a profit out of business, they would all remain unemployed and starve to death, no matter how fertile the island might be. If therefore we want to have plenty of employment, we must give every possible incentive to

entrepreneurs—encouraging them to get as much of our money from us as they can, so that they can spend it on employing us to make more for them. The accumulation of the birds in the Goshawk aviaries illustrates this principle perfectly. Upwards of ten thousand people are employed in that magnificent industry, who would otherwise be condemned to perpetual destitution.

You must realise, therefore, ladies and gentlemen, that, quite apart from ethical considerations, any attempt to increase the amenities of life for the majority by raiding the profits of the minority, must be quite ineffective. The remedy of our present troubles lies not in redistributing the cake that we have, but in increasing the size of the cake. We must work harder, consume less, and produce more. In that task the constant singing of innumerable birds would be a distraction and a hindrance. Let us therefore go on pinching and squeezing and cheeseparing for as long as is necessary to tide us over the present unfortunate depression and get back to normal trading conditions. Then, and not till then, we can have all the birds we want.'

When this speech was concluded, Cuanduine gave out such a roar of laughter as nearly brought the castle tumbling about his ears. He rolled in his chair, holding his sides, and kicking the floor to pieces with his heels, while the thunder of his merriment shook heaven and earth. 'Twas such a laugh as had not been heard in the world since the mockery of Voltaire made oppressors turn pale in their council chambers, nor even before that if the truth were known. I think Master Rabelais must have laughed in the same fashion, all by himself, while he was writing his flim-flam stories: but the secret of such mirth is lost. His microphone was in the room with Cuanduine at the time, so that his jubilant bellowings were carried to

every listening ear. But of the whole multitude there was not one to share the joke. They all sat there as solemn as gelded clerks.

From Book III Chapter IX

The sun was shining brightly
Upon the fields below;
He did his very best to make
The corn and fruit to grow;
And that was wrong because it
brings
The prices down, you know.

The corn was ripening in the fields
The fruit upon the tree;
The shops were full, and laden ships
Were sailing on the sea:
All things had a fictitious look
Of fair prosperity;
And that was wrong because the
world
Was ruined utterly.

The Banker and the Economist
Were walking hand in hand.
They wept like anything to see
Such plenty in the land.
"If this were only stopped" they said
"The prospect would be grand!"

"If seven pests or seven plagues
Were loosened every year,
I think" said the Economist
"That things would then be dear."
"I wonder" said the Banker,
And wiped away a tear.

"Consumer come and walk with us"
They both did make request.
"The time has come to tell you what
For you we think is best."
"O thank you" the consumer said
With lively interest.

"And first" said the Economist
"It's needful to explain
The economic laws which prove
That trade must wax and wane,

And why abundance is a curse,
And scarcity a gain."

"But not to me" the man replied,
Turning a little white.
"Such dismal scientific stuff
Would stupefy me quite.
I'll take it all on trust because
I know you must be right."

Two winking eyes behind the back
Of that consumer met,
As if to say, "This blessed boob
Has asked for what he'll get."
"Old chap" said the Economist,
"Your trust you won't regret."

"This gross abundance that you see
Before your hungry eyes
Has ruined all the primary
Producing industries:
And so, to set things right again,
We must economise."

"And first we'll make a cut in costs
By cutting down your screw,
And next we'll cut production down
Till prices rise anew.
Then, though you'll have less goods
to buy,
More work you'll have to do."

"Right oh!" the good consumer said.
(A sturdy Briton he),
And smiling bravely yielded up
His share of L.s.d.
By such contraction wages show
Their elasticity.

"It seems a shame" the Banker said.
"To play him such a prank."
With sobs and tears he cancelled out
A credit at the bank:
And that was right, unless you are
A monetary crank.

"Consumer" said that pleasant pair,
We've had a useful day.
Shall we be trotting home again?"
But nothing did he say:
And that was right enough because
He'd faded quite away.

The Idea of a Local Economy

Wendell Berry

Taken from *Local Economy* website 10 March 2003

Let us begin by assuming what appears to be true: that the so-called "environmental crisis" is now pretty well established as a fact of our age. The problems of pollution, species extinction, loss of wilderness, loss of farmland, loss of topsoil may still be ignored or scoffed at, but they are not denied. Concern for these problems has acquired a certain standing, a measure of discussability, in the media and in some scientific, academic, and religious institutions.

This is good, of course; obviously, we can't hope to solve these problems without an increase of public awareness and concern. But in an age burdened with "publicity," we have to be aware also that as issues rise into popularity they rise also into the danger of oversimplification. To speak of this danger is especially necessary in confronting the destructiveness of our relationship to nature, which is the result, in the first place, of gross oversimplification.

The "environmental crisis" has happened because the human household or economy is in conflict at almost every point with the household of nature. We have built our household on the assumption that the natural household is simple and can be simply used. We have assumed increasingly over the last five hundred years that nature is merely a supply of "raw materials," and that we may safely possess those materials merely by taking them. This taking, as our technical means have increased, has involved always less reverence or respect, less gratitude, less local knowledge, and less skill. Our methodologies of land use have strayed from our old sympathetic attempts to imitate natural processes, and have come more and more to resemble the methodology of mining, even as mining itself has

become more technologically powerful and more brutal.

And so we will be wrong if we attempt to correct what we perceive as 'environmental' problems without correcting the economic oversimplification that caused them. This oversimplification is now either a matter of corporate behavior or of behavior under the influence of corporate behavior. This is sufficiently clear to many of us. What is not sufficiently clear, perhaps to any of us, is the extent of our complicity, as individuals and especially as individual consumers, in the behavior of the corporations.

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

The danger now is that those who are concerned will believe that the solution to the "environmental crisis" can be merely political - that the problems, being large, can be solved by large solutions generated by a few people to whom we will give our proxies to police the economic proxies that we have already given. The danger, in other words, is that people will think they have made a sufficient change if they have altered their "values," or had a "change of heart," or experienced a "spiritual

awakening," and that such a change in passive consumers will cause appropriate changes in the public experts, politicians, and corporate executives to whom they have granted their political and economic proxies.

The trouble with this is that a proper concern for nature and our use of nature must be practiced not by our proxy-holders, but by ourselves. A change of heart or of values without a practice is only another pointless luxury of a passively consumptive way of life. The "environmental crisis," in fact, can be solved only if people, individually and in their communities, recover responsibility for their thoughtlessly given proxies. If people begin the effort to take back into their own power a significant portion of their economic responsibility, then their inevitable first discovery is that the "environmental crisis" is no such thing; it is not a crisis of our environs or surroundings; it is a crisis of our lives as individuals, as family members, as community members, and as citizens. We have an "environmental crisis" because we have consented to an economy in which by eating, drinking, working, resting, traveling, and enjoying ourselves we are destroying the natural, the God-given world.

We live, as we must sooner or later recognize, in an era of sentimental economics and, consequently, of sentimental politics. Sentimental communism holds in effect that everybody and everything should suffer for the good of "the many" who, though miserable in the present, will be happy in the future for exactly the same reasons that they are miserable in the present.

Sentimental capitalism is not so

different from sentimental communism as the corporate and political powers claim. Sentimental capitalism holds in effect that everything small, local, private, personal, natural, good, and beautiful must be sacrificed in the interest of the "free market" and the great corporations, which will bring unprecedented security and happiness to "the many" - in, of course, the future.

These forms of political economy may be described as sentimental because they depend absolutely upon a political faith for which there is no justification, and because they issue a cold check on the virtue of political and/or economic rulers. They seek, that is, to preserve the gullibility of the people by appealing to a fund of political virtue that does not exist. Communism and "free-market" capitalism both are modern versions of oligarchy. In their propaganda, both justify violent means by good ends, which always are put beyond reach by the violence of the means. The trick is to define the end vaguely - "the greatest good of the greatest number" or "the benefit of the many" - and keep it at a distance.

The fraudulence of these oligarchic forms of economy is in their principle of displacing whatever good they recognize (as well as their debts) from the present to the future. Their success depends upon persuading people, first, that whatever they have now is no good, and second, that the promised good is certain to be achieved in the future. This obviously contradicts the principle - common, I believe, to all the religious traditions - that if ever we are going to do good to one another, then the time to do it is now; we are to receive no reward for promising to do it in the future. And both communism and capitalism have found such principles to be a great embarrassment. If you are presently occupied in destroying every good thing in sight in order to do good in the future, it is inconvenient to have

people saying things like "Love thy neighbor as thyself" or "Sentient beings are numberless, I vow to save them." Communists and capitalists alike, "liberal" and "conservative" capitalists alike, have needed to replace religion with some form of determinism, so that they can say to their victims, "I am doing this because I can't do otherwise. It is not my fault. It is inevitable." The wonder is how often organized religion has gone along with this lie.

The idea of an economy based upon several kinds of ruin may seem a contradiction in terms, but in fact such an economy is possible, as we see. It is possible however, on one implacable condition: the only future good that it assuredly leads to is that it will destroy itself. And how does it disguise this outcome from its subjects, its short-term beneficiaries, and its victims? It does so by false accounting. It substitutes for the real economy, by which we build and maintain (or do not maintain) our household, a symbolic economy of money, which in the long run, because of the self-interested manipulations of the "controlling interests," cannot symbolize or account for anything but itself. And so we have before us the spectacle of unprecedented "prosperity" and "economic growth" in a land of degraded farms, forests, ecosystems, and watersheds, polluted air, failing families, and perishing communities.

This moral and economic absurdity exists for the sake of the allegedly "free" market, the single principle of which is this: commodities will be produced wherever they can be produced at the lowest cost, and consumed wherever they will bring the highest price. To make too cheap and sell too high has always been the program of industrial capitalism. The idea of the global "free market" is merely capitalism's so-far-successful attempt to enlarge the geographic

scope of its greed, and moreover to give to its greed the status of a "right" within its presumptive territory. The global "free market" is free to the corporations precisely because it dissolves the boundaries of the old national colonialisms, and replaces them with a new colonialism without restraints or boundaries. It is pretty much as if all the rabbits have now been forbidden to have holes, thereby "freeing" the hounds.

A corporation, essentially, is a pile of money to which a number of persons have sold their moral allegiance. The "right" of a corporation to exercise its economic power without restraint is construed, by the partisans of the "free market," as a form of freedom, a political liberty implied presumably by the right of individual citizens to own and use property.

But the "free market" idea introduces into government a sanction of an inequality that is not implicit in any idea of democratic liberty: namely that the "free market" is freest to those who have the most money, and is not free at all to those with little or no money. Wal-Mart, for example, as a large corporation "freely" competing against local, privately owned businesses has virtually all the freedom, and its small competitors virtually none.

To make too cheap and sell too high, there are two requirements. One is that you must have a lot of consumers with surplus money and unlimited wants. For the time being, there are plenty of these consumers in the "developed" countries. The problem, for the time being easily solved, is simply to keep them relatively affluent and dependent on purchased supplies.

The other requirement is that the market for labor and raw materials

should remain depressed relative to the market for retail commodities. This means that the supply of workers should exceed demand, and that the land-using economy should be allowed or encouraged to overproduce.

to be continued.....

We have most of us met in literature, and even in life, a certain sort of old gentleman; he is very often represented by an old clergyman. He is the sort of man who has a horror of Socialists without any very definite idea of what they are. ... The first thing we have had to explain to him is expressed in that horrible pun "Property is a Trust". While he has been crying out against imaginary robbers, whom he calls Socialists, he has been caught and carried away bodily by real robbers, whom he still could not even imagine. For the gang of gamblers who make the great combines are really gangs of robbers, in the sense that they have far less feeling than anybody else for that individual responsibility for individual gifts of God which the old gentleman very rightly calls Christian duty. While he has been weaving words in the air about irrelevant ideas, he has been caught in a net woven out of the very opposite words and notions, impersonal, irresponsible, irreligious. The financial forces that surround him are further away than anything else from the domestic idea of ownership with which, to do him justice, he himself began. So that when he still bleats faintly, "Property is a trust," we shall firmly reply, "A trust is not property".

G.K. Chesterton
The Outline of Sanity

He was asking for a return to the sanity of field and workshop, of craftsman and peasant, from the insanity of trusts and machinery, of unemployment, over-production and starvation.

Maisie Ward
Gilbert Keith Chesterton (1943)

O perpetual revolution of configured stars,
O perpetual recurrence of determined seasons,
O world of spring and autumn, birth and dying!
The endless cycle of ideas and action,
Endless invention, endless experiment,
Brings knowledge of motion, but not of stillness;
Knowledge of speech, but not of silence;
Knowledge of words, and ignorance of the Word.
All our knowledge brings us nearer to our ignorance,
All our ignorance brings us nearer to death,
But nearness to death no nearer to God.

From *The Rock*
T.S. Eliot

Sale or Return

If any reader would like to obtain copies of any of the books featured on the back page on a sale or return basis, please contact the secretariat.

A limited number of back copies of *The Social Crediter* are also available.

GM Five Year Freeze Campaign

In 1998, public concern led to the removal of almost all GM foods and ingredients from UK shops. During 2003, after several years of field trials, the government will decide whether GM crops should be grown commercially in the UK. This would make it more difficult for shops and food manufacturers to avoid GM ingredients.

Several organisations opposed to the growing of GM crops in the UK have worked together to produce a leaflet and further information on the issues at stake.

The issues include the facts that: It is unlikely that GM and non-GM farming could co-exist. Cross pollination will contaminate both wild plants and organic farming. The taxpayer will pay for any future problems. Biotechnology companies will gain the most from GM foods. GM food will not solve world hunger problems.

The organisations supporting this action include: Actionaid, Christian Aid, Friends of the Earth, Henry Doubleday Association (HDRA), Greenpeace, Soil Association, GeneWatch and the National Federation of Women's Institutes.

To find out more about the campaign and how you can be involved, try www.gmleaflet.org and/or telephone 020 7837 0642.

Book reviews

The Outline of Sanity

G.K. Chesterton
IHS Press 2002 first published 1926
\$14.95 183pp
ISBN 0 9714894 0 8

"If anything can be inferred from history and human nature," wrote G.K. Chesterton 80 years ago, "it is absolutely certain that the despotism will grow more and more despotic". He was absolutely right. The despotism of international finance Capitalism (and its creature, state Socialism) has indeed become more despotic with the passing decades of the 20th century. However, as G.K. also reminds us, the two great sins against hope are "presumption" and "despair". In the spirit of hope, IHS Press has brought this classic back into print. The combination of humour, irony, incisive logic, use of paradox, *reductio ad absurdum* and the boundless hope which constitute the style of this eminently Christian gentleman, may prove baffling to the modern reader. Persevere!

The book opens with a defence of the institution of Private Property, which G.K. pits against the twin-headed monster of Capitalism and Socialism. The former he describes as “too much in the hands of the few” while the latter is too much “in the hands of even fewer”. The two monsters “are already one spirit; they will soon be one body.” G.K. advocates a policy of small, widely distributed property (under the cumbersome name of ‘Distributism’) which should be re-established in the face of the juggernaut of centralised Capitalism/Socialism. He defended this policy against those like leading Fabian G. B. Shaw who argued that the “small properties will not stay small”.

For Chesterton, capitalists constantly contradicted themselves by such statements as “miners or railwaymen must go on working ‘in the interests of the public’”, which he interpreted as an appeal to “the rhetoric of Socialism”. Indeed, “whenever the capitalist does become an idealist, and especially when he does become a sentimentalist, he always talks like a Socialist”, advocating such things as “social service and our common interests in the whole community” – just so long as the interests of capitalism are served. Another target is the power of the advertiser to suppress or distort the truth. Chesterton links this with the growth of the big retail outlets, advocating (already 80 years ago) the boycotting of these large emporia and the support of little, local shops. Although he predicted the inevitable break up of Capitalism, he could not have foreseen the lifeline that Keynes would, albeit temporarily, throw the Capitalist system.

Chesterton tentatively suggests measures whereby legal protection could be guaranteed for the small family shop and farm. Obviously, this begs the question, who is going to elect a Distributive Parliament? He gives no hint, doubtless, falling back on

Hope. Hope, a supernatural virtue, not optimism - a natural one. G.K. always had an eye on the infinite. Until we have a Distributist Government, Chesterton would urge us:

Do anything, however small, that will prevent the completion of the work of capitalist combination. ... Save one out of a hundred shops. Save one croft out of a hundred crofts. Keep one door open out of a hundred doors; for so long as one door is open, we are not in prison. Throw up one barricade in their way, and you will soon see whether it is the way the world is going. Put one spoke in their wheel and you will soon see whether it is the wheel of fate.

As a former engineer, I felt a little apprehensive when G.K. began to deal with the machine. However, Chesterton’s outlook seems to be that the use of the machine should be a matter of judgement. Surprisingly, in view of modern congestion and pollution, Chesterton defends the use of the car for the “free and solitary traveller”, regarding the railway as being large scale and hence “a utopia of the Socialists”. Nevertheless, he does hope that “that happy man, having found the place of his true home [the farm] will proceed joyfully to break up the car with a large hammer, putting its iron fragments for the first time to some real use, as kitchen utensils or garden tools”.

Chesterton’s doctrine of Distributism arose from Catholic Social Teaching, but proved attractive to people of all religious persuasions. Entirely consistent with Social Credit philosophy, *The Outline of Sanity* powerfully anticipates the present globalisation debate. The timeless message resonates with Schumacher’s *Small is Beautiful*.

Peter Mercer

Banking and Social Cohesion: alternative responses to a global market

**Christophe Guene & Edward Mayo
London & Brussels,
Jon Carpenter, 2001
pp. 290, £15.00 paperback
ISBN 1- 897766-69-6**

The real structures of the economy sometimes defy description. In the case of social banking, the underlying tensions run deep and it is not sufficient to describe economic outcomes. Class, minority ethnicity, gender—these structural factors both lead to a demand for social banking, and block its effective operation. The book under review offers insights into this complex situation from a wide range of different geographic and national contexts.

The book was organised by the New Economics Foundation. It contains reports from thirty different contributors. The book has a peculiar structure; it is divided into four ‘chapters’, each containing several un-numbered sections by different authors. In the body of this review I will concentrate on two important broad statements (by Elaine Kempson and Dan Immergluck) and then survey the empirical findings of some other chapters.

Mayo & Geune introduce the book by arguing that ‘The common feature of social banking is that it widens access to capital and improves overall social and economic cohesion.’ This statement expresses the wish that financial institutions could intervene to reduce inequality in society; it expresses a view of social exclusion that is ‘redistributivist’ as the social exclusion literature would say. (For a review of the Third Way social exclusion paradigm, which was theorised by Giddens and others as a middle way between neoliberalism and socialism, see the website for the Centre for Social Inclusion: <http://www.cesi.org.uk/>.) Whether social banking increases social cohesion

remains to be seen. Several deep mechanisms that polarise society offset any mitigating impact of targeted, small-scale schemes like the ones described in this book.

Social banking is defined here as occurring whenever financial institutions take into account the social effects of their activities. This definition plays a powerful role in defining the limits to the research reported here. The separation of consumers from providers, which defines and separates the roles of those acting in western financial markets, is precisely what was questioned in a number of grassroots micro-finance experiments in third world countries, notably Grameen bank and some of the Indian experiments (see Holcombe, 1995, on the former; and Kabeer, 1994, on the latter). In these social experiments the political engagement and policy-involvement of the grassroots members was seen as crucial to the local changes that ensued. The institutions that 'gave' credit were merely the social embodiment of the members themselves. Thus the New Economics Foundation approach presented here may be somewhat more neoliberal than some experiments with local currencies actually are. The Third Way offers more common ground to purely market-based organisations that work anonymously than do the democratic and face-to-face community organisations of micro-finance in countries like Brazil, Argentina, Sri Lanka and India.

Elaine Kempson describes the extent of people in the UK being 'unbanked'. She shows that this proportion is higher among women, ethnic minorities and specific employment statuses. This differential impact of bank exclusion is precisely what makes it difficult to meet the 'underserved markets'. Kempson points out that both at the personal or household level, and as micro-entrepreneurs, considerable unmet need exists. In the book this unmet need is portrayed as a market

failure. Since markets normally work to exclude the poor, who cannot afford to pay to meet their real needs, the social banking initiatives seem doomed to fail. But Kempson is not so pessimistic. She points out that the UK population experiences considerable social mobility, so although a class of unbanked persons exists there is still movement into and out of it. She also argues that new technologies could help the poor get banked. She sees financial inclusion through special targeted finance for business start-ups as an area of new opportunities. Naturally this agenda for social policy is consistent with New Labour's post-1997 Third Way policy agenda.

Daniel Immergluck reviews the US experience over the last ten years and is more pessimistic. On the one hand the country is considered by policymakers to be overbanked, i.e. to have provided excess credit to affluent consumers. Therefore amalgamation of large banks is being encouraged and reviews of mergers take a very light touch on the issues of local monopolies.

Immergluck describes the segmentation of financial markets which occurs geographically as well as by class and occupation. He argues that new technologies such as the Internet are used mainly by affluent customers. Touching the untouchable, banking the unbankable, will only be done (he says) by banks if they are allowed to charge extra fees. Such fees are indeed charged by the 'sub-prime' banks. These are specialist banks, often subsidiaries of bigger banks, which serve poor people through hire-purchase or other special services. Charges are raised through fees and hidden price increases, so that the real charges are higher than the nominal interest rate. Immergluck notes that 'typical monthly costs for using these [sub-prime] providers can be more than four times that of using a conventional depository institution' (p. 31). In third world countries, private moneylenders also charge high rates with fees: 240% per year in Sri Lanka;

36% or 60% per year in India, for instance. Thus the book as a whole offers a description of the market that serves the unbanked segments of society. It is not a rosy picture. But the sections following the overview give hints of what is possible.

Chapter Two covers six ethical banking experiments. Chapter Three describes past experiences of mutual banking experiments. Seven papers in Chapter Four take up the possibilities for mainstream banks to deal with the needs of the unbanked. The European experience centres around the notion of social responsibility. In the United States, by contrast, the sense of social responsibility was consolidated with the passage of the Community Reinvestment Act (as well as earlier acts which subsidised and guaranteed housing loans for poor households). The impact of the CRA has been limited but it is nevertheless considered a market leader in social banking policymaking.

The final chapter of the book gives commentaries by Andy Mullineux, Pat Conaty and others on social banking and social credit in welfare states. Regulatory issues are covered in the last sections of the book.

This interesting compendium expresses the state of the art across the industrialised countries without completely ignoring the developing countries' experiments (e.g. Bolivia). Reading this volume one feels that a new specialist area is developing which is interdisciplinary, progressive and potentially rewarding. One also gets the impression, though, that social banking as currently defined will not address the root causes of inequality. It remains more of a social-policy palliative.

Wendy Olsen *University of Manchester*
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 Kabeer, N. (1994) *Reversed Realities* (London, Zed Books).

Recommended Reading

The Social Crediter is the official journal of the Social Credit Secretariat. It promotes analysis of the current financial and economic system as developed by C.H.Douglas in the 1920s and discussed within the social credit movement throughout the 20th century. At the centre of our concern is the need for radical reform of the international fractional reserve, debt-money system. Only then might other major socio-economic changes, including the introduction of a national dividend, follow and help to ensure that all of the world's people have the potential to enjoy economic sufficiency, while simultaneously living a full and satisfying life in harmony with each other and the natural environment. It is our conviction that whatever is physically possible and socially desirable can be made financially possible.

The purpose of the Secretariat is to promote Douglas's original work and to guard against the misuse of his ideas. Sadly there are individuals and groups in the UK and beyond who seek to promote their own ideas under the guise of social credit

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