£1.50

The SOCIAL CREDITER

THE JOURNAL OF THE SOCIAL CREDIT SECRETARIAT

For Economic Democracy **Quarterly Volume 86 No. 2 Summer 2010**

In this issue:

Editorial

All does not seem to be well in the major institutions of world society. Leaders appear remote from the people whose interests they apparently serve. The observation holds true in respect of corporate business structures, banking and finance, politics and the organisation of the main monotheistic religions.

In his column in *The Tablet* of May 15, 2010, Clifford Longley contrasted the power structure of the Catholic Church with the original message of the Gospels. Despite talk of collaborative ministry and shared apostolate over recent decades, in the Church today authority flows from the Pope, through the Curia and ultimately to the powerless laity who are expected to "pay, pray and obey". In this, the Church follows the pattern of the wider society of which it forms a part. That is scarcely surprising.

Over the past couple of millennia, all the major institutions of society have been modelled on a top-down power structure. The Roman Emperors held their position by Divine authority, appointing generals and governors who in turn passed authority down the line to the mass of ordinary people. The pyramidal edifice of hierarchical authority became the normal way to consolidate military and political power.

In 312CE, Emperor Constantine legalised Christian worship throughout the Roman Empire. Inevitably, the state-endorsed early Church copied the power structures and administrative practices of the times. Hence both teaching and administrative authority descended through the Church hierarchy to the vast bulk of the laity. It was the latter, however, who provided the essential material, cultural and spiritual resources without which the Church would not exist. Those resources continue to be provided by the mass of the laity.

To this day, the key institutions of modern society are modelled on the pyramidal, top-down hierarchical structures of the pre-modern era. In commercial, financial, political, educational and religious institutions, a coterie of men occupies the apex of power. Top positions are secured by those whose dominant motivation has been a personal ambition for worldly power or material wealth. As the American institutional economist Thorstein Veblen explained[1], the pattern was set in the prehistoric era, when dominant males competed physically for power, prestige and the symbols of worldly status. In the meantime, women and low-status men developed the co-operative, technological, scientific and caring skills necessary to the nurturing and provisioning of mankind as a whole. All such truly *economic* activity – farming, production of food, clothing and shelter, caring for the land, nurturing plants and animals, creating useful artefacts, child rearing and production of the essentials of life – derives from the skills and expertise developed by low-status males and the women of society. Furthermore, the powerful leading male figureheads have never been the original source of the development of human imagination, learning and education. That, too, has been the province of those outside the power-elites.

An examination of world institutions today reveals the following. Dominant male elites control the financial economy of the business world, which directs the production of commodities to be exchanged *for money* on the market. In the meantime the truly co-operative work of agriculture, engineering, caring, nurturing and provisioning is carried out by the ordinary 'man (and woman) in the street'. Simultaneously, the non-commercial arts, sciences, technologies, educational processes and other 'cultural' activities are developed and bear fruit outside the narrow confines of the top echelons of the centralised institutions. The sustaining, co-operative and cultural activities which form the base of the hierarchical social pyramid supply the elites themselves with members and the means of subsistence. Yet, as things stand, those at the base of the hierarchical 'cone' are, seemingly, powerless to affect the policies of those at the apex of the pyramid.

At present, the dominant elites are acting as if the current signs of disintegration of the social and natural environments were mere 'externalities', irrelevant to the continued maintenance of their power structures. Whether disaster follows financial melt-down, environmental catastrophe, warfare, civil disintegration, a combination of all such factors, or a period of apparently benign dictatorship, matters little. The institutional framework of post-industrial society is unsustainable. We, the ordinary people who ultimately sustain 'the system' in all its complexity, have some harsh choices to make. As individuals, we can remain in our personal 'comfort zones', continuing to work for 'the system', as we rear our families and make small improvements to our lifestyles and local communities as our personal resources allow. In short, we can watch from the sidelines as the catastrophe takes shape, prepared to pick up the pieces from what is left. Alternatively, we can look around thoughtfully at the institutions of society with a view to bringing about gradual but purposeful transformation.

It would seem that the time has come for ordinary people to cast a critical eye over the key institutions of modern society. The disintegration of the social framework is being orchestrated from the top of what Douglas termed the 'pyramid of power'[2]. But it is the mass of little people at the bottom who sustain the system. Without the butcher, the baker and the candlestick maker, without the tinker, tailor, soldier and sailor, without the parents, teachers and trainers of all the workers, there would be no pyramidal system handing down the orders.

History also offers many examples of small-scale experimentation in the form of alternative agricultural, industrial, commercial and financial ventures. To date, however, all experiments posing a serious challenge to the hierarchical structures have been disempowered, whilst knowledge of their existence has been systematically eliminated. The Social Credit Government, democratically elected to power in Alberta in 1935, challenged the party system which serves corporate ends. In seeking to implement the policies upon which they had been elected by the people of the Province, the party-free politicians demonstrated that they could not be subverted into the service of corporate business and finance. My about-to-be published *Understanding the Financial System: Social Credit Rediscovered* (Jon Carpenter Publishing) tells the story of the 'Alberta Experiment', placing it in the context of world events. The subsequent attempts by the corporate world to subvert the experiment and eliminate consciousness of its significance should provide a fruitful area of research for serious students of society in the future. In the meantime, to be well informed is to be well prepared, so that purposeful debate may lead to considered action.

Martin Large's *Common Wealth* is the latest in a series of mainstream publications seeking to develop the Social Threefolding ideas of Rudolf Steiner within the contemporary context (see Reviews). The notion that social institutions fall into three categories, the economic, the political and the cultural, offers a coherent conceptual framework for considering alternatives to the basic hierarchical model which has served mankind over the past two millennia. The writings of Rudolf Steiner himself on the subject, and of those who have sought to develop his basic ideas further, both in practice and in theory, merit serious study. However, the task of disentangling the complex interplay of power and authority within the existing institutional framework of world society is made infinitely more difficult if Douglas' analysis of the role of finance in society is ignored. From personal and local, to national and international levels, throughout the spheres of economy, politics and culture, the web of finance dictates what is possible – and what is not. The issue of the role of banks and financial institutions within the overall complexity of modern society needs to be addressed fairly and squarely. In the absence of such analysis, experimental schemes will remain on the outer fringes of society, capable of doing little more than mopping up the casualties flowing from the power struggles at the apex of the key social institutions.

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1 *See The Theory of the Leisure Class (1899)*

2 *The Pyramid of Power, published in* ***The English Review****, XXVIII (1919): 49-58, was one of the four earliest articles published by Clifford Hugh Douglas. The full text is available on www.douglassocialcredit.com*

Extracts from

Economic Democracy

Clifford Hugh Douglas

Cecil Palmer, London (1920)

In the immediate aftermath of the First World War, Clifford Hugh Douglas published a series of books and articles, which gave rise to the establishment of the Social Credit movement. All Douglas' books were first published with mainstream publishers in the UK, Canada, USA, Australia, New Zealand and elsewhere, and were translated into several languages. Although, in less than a decade, a century will have passed since Douglas first put pen to paper, his observations on the workings of world political economy remain as relevant today as they were in those far off days. By modern standards, however, Douglas' leisurely and long-winded sentences are not particularly helpful as an aid to understanding his arguments: hence only selected passages are here directly quoted.

In his opening chapter, Douglas notes that dogmatic habits of thought inherited from the past can be a severe hindrance to understanding current economic, political and social issues:

"Because from the commercial policy of the nineteenth century has quite clearly sprung great advance in the domain of science and the mastery of material nature, the commercialist, quite honestly in many cases, would have us turn the land into a counting house and drain the sea to make a factory."

Social reformers, on the other hand, condemn rich capitalists for profiting from industrialisation. Deploring the poverty and degradation caused by exploitation, they would put the clock back to the middle ages. The dramatic political, social and economic events of the First World War offered an unprecedented opportunity to review the "crumbling institutions and discredited formulae" which have guided social relations in the past. It is possible:-

"… that the definition embodied in the majestic words of the American Declaration of Independence, 'the inalienable right of man to life, liberty and the pursuit of happiness' is still unexcelled, although the promise of its birth is yet far from complete justification; and if words mean anything at all, these words are an assertion of the supremacy of the individual considered collectively, over any external interest. Now, what does this mean? First of all, it does *not* mean anarchy, nor does it mean exactly what is commonly called individualism,

which generally resolves itself into a claim to force the individuality of others to subordinate itself to the will-to-power of the self-styled individualist".

Definitely it does not mean communism or state socialism as suggested by certain sections of the socialist movement.

What is necessary is to reform the institutions of politics and economics so that each individual can determine the best ways to secure the benefits of science and technology. Above all, each individual must be enabled to choose, "with increasing freedom and complete independence, whether he will or will not assist in any project which may be placed before him".

"The basis of independence of this character is most definitely economic; it is simply hypocrisy, conscious or unconscious, to discuss freedom of any description which does not secure to the individual, that in return for effort exercised as a right, not as a concession, an average economic equivalent of the effort made shall be forthcoming.

As we shall see, this means a great deal more than the right to work; it means the right to work for the right ends in the right way. It seems clear that only by recognition of this necessity can the foundations of society be so laid that no superstructure built upon them can fail, as the superstructure of capitalistic society is most unquestionably failing, because the pediments which should sustain it are honeycombed with decay. Systems were made for men, and not men for systems, and the interest of man which is self-development, is above all systems, whether theological, political or economic."

If the basis of constructive effort is to benefit all individuals, it becomes apparent that all institutions, whether of government, industry or society, must exist to that end.

"That is to say, we must build up from the individual, not down from the State. … the exaltation of the State into an authority from which there is no appeal, the exploitation of a public opinion which at the present time is frequently manufactured for interested purposes, and other attempts to shift the centre of gravity of the main issues; these are all features of one of the policies which it is our purpose to analyse. … Cooperation is the note of the coming age, our premises require that it must be the cooperation of reasoned assent, not regimentation in the interests of any system, however superficially attractive."

All conditions oppressive to the individual must be rejected, no matter how desirable they might seem to an organisation.

"The exaltation of the State into an authority from which there is no appeal (as if the State had a concrete existence apart from those who operate its functions), the exploitation of 'public opinion' manipulated by a Press owned and controlled from the apex of power, are all features of a centralizing policy commended to the individual by a claim that the interest of the community is thereby advanced."

The introduction of 'labour saving machinery' has resulted in a rise in the cost of living, not only for factory workers, but also for the salaried professional classes. It has enabled the worker to do more work, under conditions of ever-increasing insecurity. All ideals, scruples and principles, which would hamper the individual in the scramble for an increasingly precarious existence, are thrown to the four winds. In short, industrialisation has created an impoverished social climate, which is hostile to material, moral and intellectual progress. Servility and poverty go hand in hand.

"Poverty is in itself a transient phenomenon, but servility (not necessarily, of course, of manner) is a definite component of a system having centralized control of policy as its apex; and while the development of self-respect is universally recognized to be an antecedent condition to any real improvement in environment, it is not so generally understood that a world-wide system is thereby challenged. In referring the existent systems to the standard we have agreed to accept, however, it seems clear that the stimulation of independence of thought and action is a primary requirement, and to the extent to

which these qualities are repressed, social and economic conditions stand condemned as undesirable."

Centralized or pyramid forms of control are the ideal form of organization for the attainment of specific material ends. In the last analysis, the only effective force by which any objective can be attained is the human will. When an organization of this character can keep the will of all its component members focussed on the objective to be attained, the collective power available is clearly greater than can be provided by any other form of association. For this reason the advantage accruing from the use of it for the attainment of one concrete objective, such as, let us say, the coherent design of a National railway or electric supply system (just so long as these objects are protected from use as instruments of personal and economic power) is quite incontrovertible:

"but every particle of available evidence goes to show that it is totally unsuitable as a system of administration for the purposes of governing the conditions under which whole peoples live their lives; that it is in opposition to every real interest of the individual when so used, and for this reason it is vital to devise methods by which technical co-ordination can be combined with individual freedom.

The centralising of authority is the most effective method of undertaking a specific material project. But it is definitely "neither the correct method of deciding what to do nor the question of who is to do it".

"The very efficiency with which factory operations have been sectionalized has resulted in a complete divorcement between the worker and the finished product, which is in itself conducive to the feeling that he is part of a machine in the final output of which he is not interested. His foreman and departmental heads are, from the largeness of the undertakings, almost inevitably out of human touch with him, while all the well-known phenomena of bureaucratic methods contribute to maintain a constant state of irritation and dissatisfaction; and in all these things is the nucleus of a centrifugal movement of formidable force. Nor is this feature confined to industrial life. The connection between militarism and capitalism as vehicles for the expression of the will-to-power has frequently been pointed out. ....But just for the reason that the whole conception of a militarist world is instinctively recognized as an anachronism."

The worldwide trend to ever increasing centralised control is being observed with deepening distrust.

"A powerful minority of the community, determined to maintain its position relative to the majority, assures the world that there is no alternative between a pyramid of power based on toil of ever-increasing monotony, and some form of famine and disaster; while a growing and ever more dissatisfied majority strives to throw off the hypnotic influence of training and to grapple with the fallacy which it feels must exist somewhere."

Blame cannot be placed upon strong, charismatic individual leaders. A bad system is still a bad system no matter what changes are made in personnel.

Things were different in the past, when all craft was handicraft, the equipment of a tradesman was of the simplest, the selling price of the product was practically material cost plus direct labour cost, direct labour cost was indistinguishable from profit, and practically the whole of it was available for the purchase of further material, and the product of other men's industry.

It would appear that there was, within the craft guilds, no *involuntary* poverty or unemployment. On the contrary, the standard of material comfort rose directly in proportion to the total production. Craftsmen maintained a pride in their work and considerable independence.

"With the advent of machinery came the intervention of the financier into industry; willing to provide the able craftsman with the means to extend the exercise of his skill on payment for his services. The development from this stage, through the small workshop run on borrowed money by the enterprising man who both worked himself and directed

the work of others, to the larger factory in which the function of the craftsman ceased to be exercised by the employer, who retained only the direction and management; to the large limited liability company or Trust, in which the craftsman, the management, and the direction of policy, became still further separated, has been logical and rapid, and this development carries with it changes of a fundamental character".

The active or passive acquiescence of the human will is essential for all co-operative action to occur. Some desirable objective must be supplied to secure co-operation.

"By the separation of large classes into mere agents of a function, engaged in never-ending toil of which the primary inducement is money, it has been possible to obtain the more or less complete co-operation of large numbers of individuals in aims of which they were completely ignorant, and of which had they been able to appreciate them in their entirety, they would have completely disapproved, while at the same time Education and Ecclesiasticism have combined to foster the idea, that so long as the orders of a superior were obeyed, no responsibility rested on the individual."

Commercial policies have not been deliberately and uniformly dictated by unworthy motives. If the processes of production and distribution had been separated from any control over individual activity along other lines, its development would probably have been in the best interests of the community. But when the individual is considered mere material for a policy—cannon fodder whether of politics or industry—the gravity of the issue should be apparent.

"The apprentice, the journeyman and the master were all of one social class; the apprentice or journeyman dined at his master's table and married his own or some other master's daughter; the standard of life therefore without, of course, being identical, was comparable as between various grades. The implication of this was considerable—it involved a common standard to which everyday difficulties could be referred.

….there is absolutely no virtue in taking ten hours to produce by hand a necessary which a machine will produce in ten seconds, thereby releasing a human being to that extent for other aims, but it is essential that the individual *should be released;* that freedom for other pursuits than the mere maintenance of life should thereby be achieved."

It is now possible to substitute natural forces, through the agency of machines, for human effort. The whole product of the machine age must now be produced as efficiently as possible, and distributed as equitably as possible.

"The general answer to this problem may be stated in the four following propositions, which represent an effort to arrive at the Just Price:

(1) Natural resources are common property, and the means for their exploitation should also be common property.

(2) The payment to be made to the worker, no matter what the unit adopted, is the sum necessary to enable him to buy a definite share of ultimate products irrespective of the time taken to produce them.

(3) The payment to be made to the improver of process, including direction, is to be based on the rate of decrease of human time- energy units resulting from the improvement, and is to take the form of an extension of facilities for further improvement in the same or other processes.

(4) Labour is not exchangeable; product is. No attempt will be made to prove these propositions since their validity rests on equity."

In determining these issues, the control and use of credit is of primary importance. This necessitates ***"the maximum expansion of personal control of initiative and the minimizing and final elimination of economic domination, either personal or through the agency of the State."***

Proposals and intentions of any member of Society must be implemented through the greatest possible freedom in voluntary and non-coercive association, to the benefit of all.

Extracts from

Life and Money

Eimar O'Duffy,

Putnam, London and New York, (revised edition 1933) pages 91-98

The First Step to a Remedy

As a result of all this argumentation we can only come to one conclusion. We have seen that the reason why people are starving, or at least stinted, in the midst of abundance of goods is that the money distributed by industry as wages is insufficient to buy the goods produced. It is true that industry also distributes money as dividends to the fortunate possessors of capital holdings, but even the combination of the two is insufficient, or we should not be engaged in destroying commodities instead of purchasing them. The remedy therefore must include some method of distributing money in addition to wages and industrial dividends. What that method should be I shall not discuss for the moment: it is sufficient to note it and pass on. I have dealt so far only with the distribution of money. We must now consider its production. Industry does not itself produce money. Where then does it obtain it? In answering that question we shall find a striking confirmation of the truth I hope I have demonstrated that money is not wealth.

The Creation of Money

The word 'money' to most people means notes and coins, and at one time that was true. Modern money, however, is by no means so simple an affair, nor so tangible. Notes and coins form but a small proportion of our money to-day. Some people put it as low as one per cent. They are in fact, little more than small change. The vast bulk of our money consists of what is known as Bank Credit, a term which will require some explanation.

Everybody knows that a bank both borrows and lends money, and it is a common belief that the money it lends is the money entrusted to it by its depositors. This is now known to be untrue. In the often quoted words of Mr. McKenna, Chairman of the Midland Bank, 'every bank loan and every purchase of securities by a bank creates a deposit, and the withdrawal of every bank loan, and the sale of securities by a bank, destroys a deposit.' (My italics). The meaning of this is that when a bank lends money it does not part with any that it has. It does not take, say, £1,000 from the account of Mr. Jones and hand it over to Mr. Robinson. The banker simply enters £1,000 in his books opposite Mr. Robinson's name, and the liabilities of the bank, which were formerly, say, £1,000,000 is now written down as £1,001,000. In a phrase, the bank has created £ 1,000 out of nothing.

How can this be done? Simply as a result of the cheque system. At least 90 per cent, of all business transactions to-day are carried out by means of cheques, which are not cashed, but lodged by those who receive them, often in the same bank on which they are drawn. In this case the transaction involves nothing more than the transference of a figure from one ledger to another. Where different banks are concerned the procedure is equally simple. The banks balance up their accounts at the end of the day, setting cheques against cheques, and very little cash passes. The result is that so long as a bank keeps sufficient cash in hand to meet the ten per cent, of its business that is transacted in cash, it can lend money it has not got—that is, create it—at its discretion [i]. The amount is only limited to a certain proportion (fixed by agreement among the banks themselves) to its reserves at the Bank of England. What those reserves are we shall see later on.

Now it is by this 'money', created, as we have seen, out of nothing, that industrial production is financed; and fresh money to purchase the new goods thus produced can come into circulation in no other way. The next question, therefore, is: why is it insufficient for its purpose?

The reason is that the banker treats the imaginary money thus created as a loan of real money from himself, which has to be repaid before a certain date, and on which interest has to be paid in the meantime. Let us suppose that a manufacturer receives an order for goods that will cost him £2,000 to produce. He has only £1,000 of his own at the bank. He therefore asks for and obtains an overdraft of £1,000, repayable in three months with £20 interest. He can then draw on the £2,000 as required, till it is all paid out in wages and salaries, and the money thus gets into circulation and becomes available for the purchase of the goods.

Now in order to repay his loan and the interest on it, the manufacturer must recover £1,020 from the public, and the only way he can do so is to charge it into the price of his goods. Having recovered it, he repays the bank, which promptly crosses out the figure of £1,000 standing in its books against the borrower's name, and thus, to use Mr. McKenna's word, destroys the money issued to finance the production of the goods before the public has had the opportunity to purchase more than a part of them. As this process is going on throughout the whole of industry, it follows that the people can never purchase all the goods produced. To put the case in a nutshell the reason why vast heaps of goods have to be destroyed is that the money that should be available to purchase them has been destroyed by the bankers.

Please observe that in describing this process I am not, in the melodramatic manner of the Socialists, attributing any 'villainy' to the banker. I do not denounce him for 'grasping'. He does not 'grasp' the repaid loan: he only cancels it. All he takes for himself is the interest, which he has to share with his employees and shareholders. It is not the individual banker, but the banking system, that is at fault. It is not a question of morals but of mathematics, and it is no wonder that it took a mathematician— Major Douglas—to expose it. The fault ultimately lies with the bygone Government that gave the banks the power to act in this way.

Social Credit

The remedy for this is implicit in my argument that money is not wealth. The banks treat it as wealth. In their hands it has become a commodity, in which they deal for profit, and of which they hold a monopoly, and it is their interest that it shall be scarce and dear. We must therefore end the monopoly, and restore to money its true significance as a symbol of exchange.

I said just now that the bankers create money out of nothing; but this was really an inaccuracy, for it is impossible for anybody to create anything out of nothing. What I meant was that they create it out of nothing visible or tangible to the senses. What is that intangible something? It is simply the known fact of the people's need for certain commodities and their ability to purchase them, and of the producer's ability to satisfy their requirements. In other words, it is the individual credit of the producer, and the collective credit of the people.

That credit—our own credit—we have allowed the banker to treat as his private property. We have allowed him to grant or withhold the use of it at his own discretion, (94) to charge us interest on it while it is lent to us, and to withdraw it at his pleasure to our own prejudice. The foundation stone of the new system, therefore, must be the restoration of this credit-power to its rightful owners, the people, and its administration by a national authority in the people's interests. It is for this reason that the policy derived from the science of the New Economics is known as Social Credit. And now, before we consider the practical side of the new system, let us quit finance for a time and return to economics.

First Principles of the New Economics

I have shown that all the remedies and palliatives advocated for our economic evils originate in one or other of two false philosophies.

The basic idea of Sisyphism is that the purpose of a machine is to give work to a man.

The basic idea of Procrusteanism is that the purpose of a man is to work a machine.

Economic theories founded on these false ideas must themselves be wrong. Picked to pieces, they are seen to be nonsense, and even those who believe in them dare not follow them to their logical conclusion.

The true first principles on which a practicable economic system must be based are self-evident, and can be pushed to any extreme you like.
The reason why the truths they support are not recognised is that the utterances of Sisyphism and Procrusteanism are half-truths, which are notoriously plausible, and readily grasped by

untrained minds. Thus, any fool can see that the destruction of a millionaire's hothouse benefits a few glaziers, or that a tax on imported gloves benefits home glove makers; but the truths which I have been at pains to demonstrate cannot be realised without a little thinking.

Here, then, are the first principles of a sound economic system:

The purpose of a man is to serve God (or, in secular terms, to grow in wisdom and knowledge).

The purpose of industry is to produce goods for the sustenance and enjoyment of man.

The purpose of machinery is to produce those goods in abundance and to save human labour.

The purpose of money is to enable those goods to be distributed.

To these I add a few definitions:

Wealth means abundance of consumable goods.

Cheapness means more goods in return for less effort; and when we get the maximum return for the minimum of effort we have Prosperity. Thrift means a reasonable limitation of the demand for consumable goods, with the object of conserving energy and material, if necessary, for the creation of the means of producing consumable goods in the future, or for some other useful purpose.

Extravagance means waste of consumable goods and of the energy and material used to create them.

From these principles and definitions we conclude:

That abundance, cheapness, freedom, leisure, economy, peace, are good things;
That scarcity, dearness, restriction, toil, extravagance, destruction, and war are bad things;

And if these conclusions seem platitudinous, please remember that most of the economic propositions you have hitherto accepted without question are based on their implicit denial.

Payment for Leisure

You will now, I hope, be in a frame of mind to agree with me that to deny a man his share of the world's abundance, simply because his work has not been needed to produce it, is unfair to him and injurious to everybody in general. We must, therefore, give him the means of buying what he needs without asking him to work for it. There is no other way out of the difficulty. The principle that pay should only be given in return for work is but a preconception, originated at a time when it was necessary for everybody to work hard to produce enough goods to go round, and when, in consequence, an idler could only be maintained at other people's expense. With the introduction of machinery and large-scale organisation, that has ceased to be true, so the preconception must be scrapped. It is, in fact, in process of being scrapped at present, as is shown by the existence of the dole. Moreover, we have never been very consistent in its application. To say nothing of the idle rich, there are thousands of honest, hardworking people drawing supplementary incomes which they have done nothing to earn. Surely a principle that has been broken so often can be dispensed with for good, especially when its observance has been shown to be disastrous.

Where is the Money to Come From?

The answer to this question is that you must not think in terms of money, but of goods. Unless everything I have written so far has been in vain, you must now realise that the goods are there for the taking if only they could find purchasers. If the money to purchase those goods were merely transferred from its present holders to the unemployed (as happens now in the case of the dole) though the unemployed themselves would benefit, the general economic difficulty would be no nearer solution, because the total purchasing power of the community would be the same as before. That is to say, the increased purchasing power of the unemployed would be exactly offset by the decreased purchasing power of the former holders of the money. What we want to do is to facilitate the purchase of additional goods; therefore we must create more money.

My experience in addressing public meetings tells me that, even if you have agreed with all

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The Death-Rattle of Competitive Civilisation

Eimar O'Duffy

(A further extract from *Life and Money)*

The first edition of this book was completed before the occurrence of what is called the World Crisis. The general principles and the remedy advocated, therefore, were not devised merely to meet a temporary difficulty, which, if my analysis is correct, was bound to arise. The remedies since adopted by the Governments of the world had all been examined and criticised in advance. They consist simply in economies and restrictions. In a world suffering from 'over-production'—in which wheat was being burnt in engines instead of coal, and other food crops were being dug back into the soil; in which fish was being flung back into the sea; in which fruit was being left to rot on the trees: in which cotton was being destroyed wholesale; in which every kind of raw material was falling in price owing to sheer abundance; in which every shop was packed with goods at fantastically reduced prices—we were told that we were 'living beyond our income' and must immediately economise if we were to avert disaster. 'We must cut our coats according to our cloth', said Mr. MacDonald in a broadcast address. 'We must try, of course, to get more cloth. Whilst it is limited, our garments will have to respond to its limitation.' He could hardly have chosen a more unfortunate metaphor. There is no shortage of cloth, nor of anything else except money; and until we create more money, it is useless to produce more cloth. However, the word went forth to economise, and the State began to set an example by cutting the salaries of its employees and the already miserable pittance doled out to the unemployed. The King, very nobly, gave a lead to his people, and the people followed. Within the existing financial system, it is difficult to see what else either government or people could have done. But one need not be a 'currency crank' to see that this policy is not going to work. We have been told over and over again that a return to 'prosperity' depends entirely on a 'revival of trade'. How can trade revive if the purchasing power of the public is reduced and there is general abstention from spending? Even the patient bewildered man in the street, who has been taught to regard economics as 'the dismal (and incomprehensible) science' is beginning to ask this question. Indeed so persistent has been this demand of outraged common sense that our governors have been compelled to hedge, and to announce that the truest economy is 'wise spending'— whatever that may mean. 'That's all very well,' replies the awakened citizen. 'But suppose I do without my little luxuries—smoke less, cut out the beer, buy fewer gramophone records, and so on—won't that throw people out of employment? And shan't I be reducing my taxes and preventing the Budget balancing?' Orthodox economics has no answer to those questions.

If economy is so necessary, why do the brewers, who support the National Government, keep on advertising? If we must cut our coats according to our cloth, why does the Government stamp our letters with an appeal to install a telephone? If 'wise spending' is the truest economy why cut down the expenditure on education?

But even the economy campaign does not mark the height of 'orthodox' ineptitude. The National

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Continued from Page 33

my arguments so far, you will take fright at this declaration. But there is really nothing to be frightened about. The banks, as we have seen, create money every day, and we think ourselves none the worse for it. What a private company can do, a national authority can do, and do it in the right way.

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1 This means, plainly, that the owners of current accounts possess more money than actually exists. The banks, in fact, are in debt to the public to the extent, according to Professor Soddy *(Money Versus Man)* of £2,000,000,000, and cannot pay their debt. For a fuller and more scientific account of the banking system than mine, see *The Monopoly of Credit*, by Major Douglas.

Government was formed; we are told, in order to 'save the pound.' The balance of trade was 'unfavourable', we were not exporting enough to pay for our imports, the 'confidence' of foreigners was being lost, and unless all that was remedied, the pound would slump, and we should soon be unable to import anything at all.

What priceless logic! We are importing too much— so we must hold tight to the Gold Standard in order to be able to go on importing. And yet scarcely had the decision been made, and a general tightening of belts begun, when suddenly it was discovered that we must go off the Gold Standard at once. What was folly and disaster on Monday became wisdom and salvation on Tuesday. What will be the policy for Wednesday is therefore a matter on which one hardly dares to speculate. Just as they are divided between Free Trade and Protection, between economy and spending, the orthodox economists are of two opposing minds in regard to the Gold Standard. Those who think it a good thing that the pound should drop to fifteen shillings will be hard set to explain why it should not be better still to let it drop to ten shillings—or even to ten pence. If not, I venture in all humility to ask, where are you going to draw the line? But they are not going to have their own way without a struggle; for there is another school determined to bring the pound back to parity—and even higher, as one bright genius has suggested. It will be interesting (though painful for the poor consumer) to watch them fight this controversy out—each so absolutely right within the limited circle of artificial financial ideas, and both so hopelessly wrong in terms of reality.

Besides economising and playing the fool with the currency, governments everywhere have also put up higher tariff walls, Great Britain has turned to Protection, and between them they have almost brought international trade to a standstill. At the same time a World Economic Conference has been arranged to try to get some of the tariffs off again by 'mutual agreement', 'goodwill', and the rest of it. It is all one tragic piece of bungling and ineptitude.

But if the policy of the National Government is wrong and stupid, that of the Opposition is merely silly. If the nation really were hard-up, it would be only common sense to reduce expenditure, and salary- and dole-cuts, however painful, would be unavoidable—the curtailment of purchasing power corresponding to a real shortage of goods. For the Labour Party, therefore, to howl against the cuts as cruel and unjust, without showing how the cost of continuing the old scale is to be met, is simply barren emotionalism or dishonest political obstruction. Vague talk about 'mobilising our foreign investments', and spiteful clamour for the further taxation of unearned incomes, will get us nowhere. Nationalising the banks, as I have already said, is quite futile without a radical change of banking policy based on the recognition of the age of plenty; and any attempt to change that policy on unscientific lines (say, by inflation, or the issue of insufficiently secured credits) must be disastrous. It is true that Labour speakers and writers have recently become vaguely conscious of the existence of the age of plenty. But they still remain blind to its true implications —contenting themselves with setting up the banker instead of the 'capitalist' as the villain of the social melodrama, while still remaining obstinately Sisyphist in mentality, and unable to suggest anything resembling a scientific method by which the age of plenty can be exploited.

While economists and politicians play the fool in this fashion, the world's tragedy goes on. Businesses are going bankrupt, banks themselves failing, and unemployment increasing rapidly. And unemployment is no longer confined to the 'working classes'. People in apparently secure positions, with incomes running into four figures, are learning what it is like to find themselves without means of livelihood. Moreover, the system of credit known as 'hire purchase' is in danger of breaking down owing to the inability of people with diminished or vanished incomes to pay their instalments, and the shops are becoming glutted with cheap second-hand furniture which nobody can afford to buy. In the shops in my own suburb I notice an extraordinary increase in the number of second-hand wireless sets offered at bargain prices. More significant still, the notice board outside a newspaper shop exhibiting advertisements for rooms to let is crowded to overflowing—all the good people in the suburb are taking in lodgers to make ends meet; and the supply of lodgings is bringing down the price to such an extent that it is hardly worth while doing it. I imagine that the building societies are finding it increasingly hard to collect their mortgages; and people are losing their homes, which stand empty, or get sold to more fortunate persons for a song. Immense numbers of people can neither pay their debts nor collect what is owing to them. In short, we are on the verge of universal bankruptcy. Nothing can avert it save a reversal of the policy of wage cuts and economy; and that policy cannot be reversed while the present financial system is maintained.

Editor's Note: Although the actual examples are dated, the basic theme of this text is remarkably familiar to present concerns.

Stimulus at Work

Wallace Klinck

Social Credit endorses the elimination of work through displacement of labour by technology while simultaneously ensuring that consumers always are in possession of sufficient aggregate unencumbered income to purchase the entire final product of industry--making possible, thereby, a consumer rather than a state directed economy. The purpose of production is consumption--not to create work--and the more efficiently this can be achieved the better. With an inherent and increasing disparity, in the existing faulty price-system, between consumer incomes and final prices we must choose either to compensate this deficiency by placing additional unattached purchasing power directly into the hands of the consumer without increasing debt--or continue, as at present, through state expenditure which today constantly expands the public debt and results in a rising price level.. That is, we must choose between a consumer-motivated economy (freedom) or a State-dominated economy (slavery) Where money passes through the hands of the State the State will determine the allocation of resources and the policy of such allocation. Inevitably, state control of production will skew the allocation of resources toward busy-work and empire-building in a manner that increasingly fails to serve consumer satisfaction. Genuine economic democracy is thereby denied. I have just heard that the U..S. is cutting back on the Space program because they cannot "afford" the financial expense. They can always find the money, however, for another war. How many people remain unfed because of the Space program? The fact is, that under the present perverse system more, not fewer, people can afford to live because of the "incomes" distributed through newly created borrowed money required to finance the Space program. There is of course no shortage of food, real or potential. Realistically, it is an inanity to say that we are living as a society beyond our means. Such a suggestion is made only because we measure reality through a faulty financial glass rather than making finance reflect reality. One cannot live beyond one's means physically. We cannot eat next year's crop or drive an automobile not yet produced. The whole thing is really quite mad.

Wallace Klinck is a long-standing Social Crediter who lives in Edmonton, Alberta. This piece is extracted from an email exchange which took place earlier this year.

> "The study of money, above all other fields in economics, is the one in which complexity is used to disguise truth, not to reveal it". (Galbraith)

Reprint of Letter by Donald Neale,
former Editor of *The Social Crediter*

Letter from:
Donald Neale, OBE FChS
Edinburgh,

To:
Ulrich Loening, Centre for Human Ecology,
Edinburgh
15 March 1991

Dear Ulrich,

Thank you very much for your wide-ranging talk at our dinner last Wednesday. I am following up about the distinction between economics and finance.

I think it is essential to discriminate between "economics" (the physical production of goods and services) and "finance" (the book-keeping). It can then be demonstrated mathematically that the motive force behind ecologically damaging "economic growth" is not economic necessity but purely financial.

Even primitive societies[1] have demonstrated that they can produce a "sufficiency" for themselves, otherwise they would not have survived. Advanced economies produce not just a sufficiency for all but huge and unnecessary superabundance, the main source of environmental damage.

The main reason for this is that, under orthodox accounting, the rate of generation of prices in any cycle of production always outstrips that of incomes to meet those prices. This disparity gets worse as labour-saving machinery displaces human labour. Hence there is a chronic and cumulative shortage of purchasing power and each cycle of production cannot be self-liquidating[2]. Additional purchasing power can only come from successive cycles of production and producers are forced into continuous expansion of production in the attempt to recover costs incurred from previous cycles.

Douglas showed that the deficit between collective prices and incomes might be met by the export of goods on credit (hence "export drives"), by bankruptcies, and by money distributed for public works (*e.g.,* the £2 billion for Torness[3] before production began), which is charged to debt. But mostly it is represented by mounting debt, *e.g.,* "consumer credit" now over £40 billion.

If instead the deficit were financed by debt-free credits for consumers as a dividend from their cultural heritage (the main contributor to productivity) there would be a sufficiency for all without any need for hyper-production, the competition for ever-larger markets (*e.g.*, EEC) and trade wars as now developing between USA, Japan and "Europe".

Best Regards
Donald Neale

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1 DN is here indicating that until very recent times indeed, the whole of mankind was dependent upon subsistence farming techniques. Even pockets of urban settlement drew upon subsistence farming hinterlands.

2 Here the author assumes some knowledge of core curriculum economics teaching based upon the 'circular flow'.

3 Construction 1980, commissioned 1988.

Extract from

Creed or Chaos?

Dorothy L Sayers

6. WORK. The unsacramental attitude of modern society to man and matter is probably closely connected with its unsacramental attitude to work. The Church is a good deal to blame for having connived at this. From the eighteenth Century onwards, she has tended to acquiesce in what I may call the "industrious apprentice" view of the matter: "Work hard and be thrifty, and God will bless you with a contented mind and a competence." This is nothing but enlightened self-interest in its vulgarest form, and plays directly into the hands of the monopolist and the financier. Nothing has so deeply discredited the Christian Church as her squalid submission to the economic theory of society. The burning question of the Christian attitude to money is being so eagerly debated nowadays that it is scarcely necessary to do more than remind ourselves that the present unrest, both in Russia and in Central Europe, is an immediate judgment upon a financial system that has subordinated man to economics, and that no mere readjustment of economic machinery will have any lasting effect if it keeps man a prisoner inside the machine.

This is the burning question; but I believe there is a still more important and fundamental question waiting to be dealt with, and that is, what men in a Christian society ought to think and feel about work. Curiously enough, apart from the passage in Genesis, which suggests that work is a hardship and a judgment on sin, Christian doctrine is not very explicit about work. I believe, however, that there is a Christian doctrine of work, very closely related to the doctrines of the creative energy of God and the divine image in man. The modern tendency seems to be to identify work with gainful employment; and this is, I maintain, the essential heresy at the back of the great economic fallacy which allows wheat and coffee to be burnt and fish to be used for manure while whole populations stand in need of food. The fallacy being that work is not the expression of man's creative energy in the service of Society, but only something he does in order to obtain money and leisure.

A very able surgeon put it to me like this: "What is happening," he said, "is that nobody works for the sake of getting the thing done. The result of the work is a by-product; the aim of the work is to make money to do something else. Doctors practise medicine, not primarily to relieve suffering, but to make a living—the cure of the patient is something that happens on the way. Lawyers accept briefs, not because they have a passion for justice, but because the law is the profession, which enables them to live. The reason," he added, "why men often find themselves happy and satisfied in the army is that for the first time in their lives they find themselves doing something, not for the sake of the pay, which is miserable, but for the sake of getting the thing done."

I will only add to this one thing, which seems to me very symptomatic. I was shown a "scheme for a Christian Society" drawn up by a number of young and earnest Roman Catholics. It contained a number of clauses dealing with work and employment—minimum wages, hours of labour, treatment of employees, housing and so on—all very proper and Christian. But it offered no machinery whatever for ensuring that the work itself should be properly done. In its lack of a sacramental attitude to work, that is, it was as empty as a set of trade union regulations. We may remember that a mediaeval guild did insist, not only on the employer's duty to his workmen, but also on the labourer's duty to his work.

If man's fulfilment of his nature is to be found in the full expression of his divine creativeness, then we urgently need a Christian doctrine of work, which shall provide, not only for proper conditions of employment, but also that the work shall be such as a man may do with his whole heart, and that he shall do it for the very work's sake. But we cannot expect a sacramental attitude to work, while many people are forced, by our evil standard of values, to do work which is a spiritual degradation — a long series of financial trickeries, for example, or the manufacture of vulgar and useless trivialities.

7. SOCIETY. Lastly, a word or two about the Christian doctrine of society—not about its translation into political terms, but about its dogmatic basis. It rests on the doctrine of what God is and what man is, and it is impossible to have a Christian doctrine of society except as a corollary to Christian dogma about the place of man in the universe. This is, or should be, obvious. The one point to which I should like to draw attention is the Christian doctrine of the moral law. The attempt to abolish wars and wickedness by the moral law is doomed to failure because of the fact of sinfulness. Law, like every other product of human activity, shares the integral human imperfection: it is, in the old Calvinistic phrase: "of the nature of sin." That is to say: all legality, if erected into an absolute value, contains within itself the seeds of judgment and catastrophe. The law is necessary, but only, as it were, as a protective fence against the forces of evil, behind which the divine activity of grace may do its redeeming work. We can, for example, never make a positive peace or a positive righteousness by enactments against offenders; law is always prohibitive, negative, and corrupted by the interior contradictions of man's divided nature; it belongs to the category of judgment. That is why an intelligent understanding about sin is necessary to preserve the world from putting an unjustified confidence in the efficacy of the moral law taken by itself. It will never drive out Beelzebub, it cannot, because it is only human and not divine.

Nevertheless, the law must be rightly understood or it is not possible to make the world understand the meaning of grace. There is only one real law—the law of the universe; it may be fulfilled either by way of judgment or by the way of grace, but it must be fulfilled one way or the other. If men will not understand the meaning of judgment, they will never come to understand the meaning of grace. If they hear not Moses or the Prophets, neither will they be persuaded, though one rose from the dead.

Extract from

Artist Among the Bankers

Will Dyson, (J.M. Dent, 1933)

Money may finally curb science, if money is not curbed. … Money has made goods so plentiful that there is a revolutionary thought knocking, knocking, knocking for admission to the mind and heart of man. It is the thought that if goods are easily come by, should not money be come by as easily – money which is the arithmetical symbol of the goods? It is the thought that if Science, which is man, can make goods so easily, cannot man, who is Science, make 'money' with as little effort? It is the disturbing, the perplexing, and the embryonic thought, that money is perhaps after all not a 'natural' phenomenon. The thing that gives money its frightful power – the black magic of it – is just the assumption, imbibed by us with our mothers' milk, that Money is a natural phenomenon – the one really natural one in a naughty world.

Now, once the suspicion that this is not a fact finds tendency in man's mind, the Money Power of today is in danger, unless, of course, Money succeeds again as in the past in the establishment of a financial inquisition frightful enough to terrify man out of his heresy. (Pages 126-7)

Editor's Note: Prophetic words indeed, written before the Second World War 'solved' the economic problem of the depression years.

From Inflation to Just Price

Wallace Klinck

If one looks at a chart of inflation over the last 200 or so years, one observes that before the advent of the industrial revolution inflation was very moderate but when the machine age began, financed by bank credit, inflation began a marked upward trend. Up until the present time with the rapid increase in technological efficiency and consequent spectacular replacement of labour by technological factors of production there has been an exponential increase in inflation or depreciation of the value of the monetary unit.

Capital costs have surged relative to labour costs and fed by vast expansion of bank credit, these costs has been accompanied by a massive increase in debt. The cause of inflation in the modern world is this increase in capital costs fed by exponential increase in financial credit without which the economic system would falter and collapse. We are allowed to function at the expense of continuous and escalating monetary inflation. Because the present price-system has no mechanism to credit the consumer with capital appreciation against capital depreciation the costs of which are passed on in final consumer prices, we experience inevitably a rising price-level. The true, as opposed to the presently computed cost of production is the mean rate of consumption divided by the mean rate of production. Because we obviously produce far more rapidly than we consume (see all the production piling up around us) the price-level should be falling--and falling drastically. Why does an iced cream cone which may have cost ten cents forty or fifty years ago today cost perhaps two or three dollars. Why indeed is it not now priced at a mere fraction of a cent? It is because we function under a faulty system of cost accounting which, by misrepresenting the real cost of production, not only distorts reality but increasingly distorts it with every genuine real advance in technological efficiency. The breathtaking effectiveness of the misrepresentation is demonstrated by the fact that hardly any citizen even suspects the real cause of inflation and never stops for a moment in accepting supinely and blindly continuous inflation as some inevitable phenomenon inherent in the natural order. Douglas's concept of the Just Price predicates falling prices as the natural and realistic consequence of increased real efficiency of production and this concept is absolutely central to his ideas.

From time to time the notion is floated that a return to gold or sterling would offer security from inflation. However, there has never been a time when there existed any effective gold-based currency. When the gold standard was in operation, the system was merely an inverted pyramid upon which a rapidly expanding pyramid of bank debt rested on a small base of gold. As such, the monetary system was especially vulnerable to any manipulation of gold. But gold has limited utility in the economy as a material for jewelry and electronics and so on. One cannot eat it, sleep on it, wear it as clothing or use it for transportation. It has limited utility and has no basis whatsoever as a monetary instrument in the modern economy in which the only proper basis for money is an accountancy system which reflects correctly the facts in relation to production and consumption - the real things which have genuine value or utility for humans. If one ventures with a billion dollars of gold bars into the desert and can find nothing but barren sand, the complete futility and idiocy of coveting gold will become all too painfully obvious. What matters to humanity is its real credit, being the ability to create goods and services as, when and where desired.

A modern scientific monetary system is required to enable the creation of money as, when and where required so as to equate financial credit with the needs of real credit. Gold is an item of limited supply whereas we know no actual limit to our ability to produce goods and services. Under such circumstances, any attempt to represent a virtually limitless production by a finite commodity such as gold is both irrational and impossible, which accounts for past failure of the gold standard so properly serve the needs of the economy. Attempts to rely on a "gold standard" have been instrumental in creating deflationary contractions of economic activity accompanied by poverty and misery in the midst of both actual and potential Abundance. To imagine that economic ruin and social misery are the prices we must pay for falling prices can only be evidence of a destructive psychosis - or of conscious mischief - the worship of Gold in my opinion is an unacceptable and fatal idolatry, which can only bring inevitable and probably well-deserved negative consequences. In the context of a financial-economic system that is fraught with insecurity for the individual, I can understand how the uniformed and fearful individual may attempt to secure themselves against future economic adversity by coveting something immutable but of very limited utility such as gold - but this can only be a fatal snare and delusion revealing either ignorance or an immoral self-concern above social concern and responsibility. There is no substitute for genuine economic prosperity, without which there can be no real security.

The Wisdom of Childhood

By Marie Geraldine

From: *The New Age,* March 9, 1933

The following episode was recalled to my mind by Mrs. Cousen's article, and it appears to me to be a very pertinent example of the wisdom of childhood. If we believe, as I do, that children can guess more rightly than we can, since our pure reason has been bound by habits and conventions, then there is the sanction of a child of six for our Social Credit view of the world. I narrate the episode just as it happened; and should add that I never said anything to prompt the ideas in it, or their expression.

I had told Margaret so many stories that when we came out of the Zoo that day I felt I was going to have nothing to say on the way home. Besides, the Zoo makes me feel gloomy at the best of times. So as we got into the car I watched my small pupil thoughtfully. Silences are not good methods of teaching French; and I wondered what wisdom it might be fair to impart to a child of six on the subject of Zoos generally. … Suddenly a look of thoughtfulness came into her eyes, and she said:

"Today I am going to tell you a story!"

"What a surprise!"

Margaret smiled. "I have only thought of it," she said, "and this is really my first story. It is not going to be a very good one."

"Get along with it!"

"Well, one day there was a man who was very, very poor, but he was a very, very great artist. Every day he stood outside the entrance at the Zoo and painted some pictures, and hoped the rich people who visited the Zoo would give him some pennies.

"Once he had a very good idea. He knew a man who was a Fellow of the Zoo. So he went to see him, and said: 'Oh, you might let me have a ticket for the Zoo?' which his friend was very pleased to give him.

"And he was a very, very great artist, he copied the ticket about a hundred times, and he had one hundred and one tickets, which were all alike.

"'Now,' he thought, 'I shall be able to go to the Zoo every day, and I shall enjoy myself making lovely drawings of all the animals.'

"So he went. The man at the counting-gate took his ticket, and he did not notice it was not a real one. So the poor man got in. Every day he went to the Zoo, and he was very, very happy.

"When he had only one ticket left, the man at the gate noticed it, and he found … that it was not a real ticket! He looked at the poor man very severely, and said: 'You cannot go in with that piece of cardboard!'

"And that is the end of the story."

I looked at Margaret with a growing sense of hope. Here was a child of six making up her first story. She had not any of the conventional views on right and wrong and rich and poor. Her poor man had a friend, who was rich, and they met each other on equal terms, and, in her world, there was no punishment for the wicked. The humorous trespasser could hardly be considered a wicked man. No, he was rather a man with a free-thinker's view of the law, and artist enough to enjoy himself hugely without spoiling anything. If he used a trick to get in it was not his mistake, for he could not get in any other way. So that, in this sense, he had robbed no one.

"Margaret," I said, "did that man standing at the gate make you think of the story?"
"Yes," she said, "if I had been with Grannie she would have given him pennies. I think he stands there until he has enough pennies to get in."
"Not he, I think . . . He begs for food. He is even poorer than you imagined"
"I can't understand it!" she said.
"Nor I. But, the poor man in your story, do you realize he cheated the authorities of the Zoo? Would you not punish him?"
She looked at me serenely.
"No," she said, "if you like it is a punishment to have to stay outside again. But I can't help that because the story just ends there."
"Very good," I began, "I liked your story wonderfully well. …"

But my sense of hope has been growing ever since; for the children are now so wise, so poised. A Social Credit world would, it seems, serve very well their better destiny. They might even reform their lost parents if these had more leisure to be with them! Already they are allowed to present their views in the family, when (the case being presented to them with all its points) their opinion on the subject is found to be a fresh one, unconsciously just, and inherently valuable.

> A basic income, at a level sufficient for a modest but decent standard of life, can be seen as a fundamental or democratic right. Such an income is necessary to enable all citizens to participate as fully as they wish in all aspects of the life of their society.
>
> Carole Pateman, *(Redesigning Distribution.)*

Obituary
Elizabeth Dobbs

Dear Elizabeth's death was expected but I am very sad. My visits to stay with Elizabeth and Geoffrey at their wonderful home Bodifyr, North Wales, in 1985 and 1996 are still highlights of my life. They were overwhelming generous people and their home was wonderfully relaxing and restful, but full of exciting books and conversations and stories. On my first stay they introduced me to the writings of the amazingly larger than life English politician, soldier, writer, money reformer and hero, William Cobbett, and gave me as a parting gift his book, Advice to *Young Men, and Incidently also to Young Women.*

When I was there in '96 poor Geoffrey was bedridden and Elizabeth was exhausted and sleep deprived. I'd asked if I could stay for some of a 3-month 'escape' to Britain and Europe and Ireland, and "Bod" became my base and I was there about 3 weeks on and off. Before I arrived I had not realised how ill Jeffrey was and Elizabeth was worried she would not be a good host. But it was a special time and I sat and talked a lot with Geoffrey when he was not too tired and I think it gave Elizabeth a few opportunities to escape to her own bed, and I would call her if Geoffrey requested. Fortunately the health people also then provided extra help. When I left to return to New Zealand I had a stop with friends in Australia and learned there that Geoffrey had died. I had seen him two days earlier.

I first met Elizabeth and Geoffrey in Australia. I think this was in 1983 or 1984, and discovered that it was impossible not to warm to both of them immediately. Geoffrey gave a number of talks around Australia on Social Credit, organics, various aspects of food science, history, matters of Christianity and religion and all sorts of other related matters. They then came to New Zealand and we had several wonderful days of travelling and holding meetings. Geoffrey had unfortunately scalded his leg in Australia but despite his discomfort carried on without complaint. It was not their first trip to New Zealand but I did not know them in those earlier days. Somewhere, I have some photos and a half written diary of Elizabeth's recording their earlier trip.

Geoffrey's lectures were more like friendly conversations and Elizabeth enjoyed participation. She always had a wonderful way of putting things simply which I believe is the art of a natural teacher. I remember that at any time when Geoffrey's explanation on some point got a little complicated - as occasionally did happen - Elizabeth had a natural way of making it very easy and simple. They complimented each other. Both spent their lives completely dedicated to the Social Credit message and knew so much about the economic and social conditions which brought that movement and insight about. Present world conditions with increasing money debt, and either poverty or economic uncertainty spreading everywhere, highlight the importance I believe of the Social Credit insights into the fields of finance, economics, religion and the relationship within societies of the individual to his or her institutions, especially that of governments. Our present difficulties, especially in respect to world economics and politics result from the dominance of abstracted theories divorced from reality. The practical solutions to these problems that beset the entire world are relatively simple, but the mind shifts required are enormous.

Geoffrey and Elizabeth knew and worked with Clifford Douglas, the Scottish/English Engineer who after WWI began his series of writings and lectures on the nature of money and its correct function and role in a modern society. Elizabeth was Douglas' secretary at one time, I believe for a number of years, and it was through the Social Credit movement that she and Geoffrey met. It is in the nature of things that our lives are relatively short and we cannot know, at least in the physical part of our existence, the meaning of it all. But I think it is important that we do some useful things of enduring value during our physical lives. Christ told us that it is a practical possibility for the Father's will to "be done on earth is it is in heaven", and that in essence is what Douglas wrote about. Other prophets along the way have had similar insights but in our modern mechanical era it was a practical engineer who offered us the leadership needed, or rather the way forward. His works became very popular during the so-named "Great Depression" of the 1930s. But the financial relief that came with the huge war expenditures of the late 1930s and through the 1940s led most of those followers to think the problem had been solved. Only a relative handful appreciated that that would be temporary and that the deeper aspects of the problem - the gross centralisations of money and political power, the impossible quest for ever-expanding economic "growth" and markets, the worship of full employment as an end in itself, and the degradation of human beings into economic units - would return to bite us.

Amongst that handful of people were Geoffrey and Elizabeth, never fanatical, just motivated by concern and love of themselves and all others and believing that we are all the children of a loving God who has provided abundantly for all our spiritual and physical requirements.

The wonderful and dedicated work of just a handful of people, Geoffrey and Elizabeth and others - the books and journals and articles and poems they wrote - has provided the excellent foundation the world now needs to take us beyond the superficial crises of financial and political uncertainties.

Elizabeth was my friend. I miss her deeply. There won't be another time when we sit before an evening fire, chatting, reading, giggling and drinking a wine. In this life I won't hear her special laughter again or the dry way she had of "cracking a joke". In her kitchen one day I saw she had a bottle of the herb gingo biloba. I mentioned it and she said "Ah, yes, well, that is to improve my memory, but I keep forgetting to take it", and we both laughed.

Bill Daly

Obituary
Mary Blakey

The first time I spoke to Mary on the 'phone - I think she probably 'phoned me about our journal, and the difficulty she had in reading the typescript on cream paper - I can't tell you how much I enjoyed listening to her story. Unfortunately I didn't have pen and paper to hand, and my memory is not reliable. When I 'phoned her subsequently, I made sure....

Mary spoke initially of her idyllic childhood in Edgeworth in Lancashire, not far from Bolton where I believe her father, Michael Mannock, was General Manager of a steel works. She spoke of her father's library, which contained many works on Social Credit. Unfortunately, the family fell on difficult times, hardly a remarkable thing in the 1920s and 1930s, and moved to London where they struggled to manage. Fortunately things eventually improved, and they were able to move to the house where Mary lived, and loved to live, for the rest of her life. I believe her husband was killed, after only 6 months of marriage? Despite all the sadness and difficulties, Mary kept chickens, goats, bees and rabbits, and was able to feed her family throughout the war.

Geoffrey and Elizabeth Dobbs were great friends of hers. Elizabeth (née Edwards) died in March this year, aged 96. Her father, Hewlett Edwards, worked closely with CH Douglas whose meticulous study of the way finance operates in society gave rise to his extraordinary writings on the philosophy and policy known as Social Credit. Geoffrey and Elizabeth wrote extensively and expertly on the subject and travelled the world, as indeed did Douglas, explaining this most realistic, just and compassionate way of making sure that all have enough 'for their need but not for their greed'.

Mary told me of the evening in 1935 when she went for dinner with her father in Marylebone Road, in "a semi-cellar". C H Douglas was expected. There was an elderly man on stage, and then a 'Green Shirt' leapt up there. (The Green Shirts seem to have jumped on the Social Credit bandwagon, forming a sort of adult scouting movement and subsequently a social credit party. CHD disapproved of them. A political party was the *last* thing he wanted). Mary "watched in wonder". Her father said, "Sit still". The police were called. Douglas arrived, and everyone stood up apart from the Greenshirts. He had his dinner and left.

Beatrice Palmer was another close friend. In the late 1930s Mrs Palmer ran the Social Credit Centre at No.163a Strand, London (open 11am-6.30pm Mondays to Fridays, closed 1pm Saturdays). Coffee was 2d per cup. She and her husband Jimmy were from Yolam on the Suffolk border. They drove carts into London and sold horses and carts there, and lived in London, though they had a very strong feeling for the countryside. Mary had supper with them. Years later, in 1982, when Mary was president of the British Housewives League, the League journal, *Housewives Today*, later called *Home*, was edited by Beatrice and Elizabeth Dobbs. Mary also ran a small (12 members) social credit branch at her home.

She met L Dennis Byrne once. He was a towering figure in the movement. Relinquishing a successful business career here in the U.K. he went with a colleague, both of them nominated by Douglas, to advise the newly elected social credit government in Alberta. They were treated abominably by the agents of the Canadian (not the Albertan) authorities and banking interests. Later, Mary met him at a small private meeting and felt his despair. He felt it was like living on the edge of a stream where the fish were leaping, making great efforts; some fell back.... but despite all the apparent failures, nothing was wasted.

Mary quoted Alfred Richard Orage, editor of The *New Age* "people have lost their yearning for freedom".

Mary knew Eric Butler and his wife. They stayed with her before going to Australia. At a meeting with Eric, she met Dennis Klinck, a young Canadian studying at University here, philosophy.... to quote Mary; "He was charming.... acquainted with fringe things...made one think of sidelines.... so you could understand the man.... he edited an excellent magazine...I have almost every copy of it. Tip-top." Dennis is professor of English literature at a University in Canada. His brothers Robert and Wallace, life-long social crediters, also reside in Canada.

Social Credit was just one thread, though perhaps a significant one, in the tapestry of her long and wonderful life.

Anne Goss

Review Article

The End of Money and the Future of Civilization
THOMAS H. GRECO, Jr.
Floris Books, 2010-06-10 ISBN 978-o86315-733-2
£12.99. Pb. Pp295

The Future of Money: From Financial Crisis to Public Resource
MARY MELLOR
Pluto Press, 2010
ISBN 978-0-7453-2994-9
£17.99. Pb. Pp197

Common Wealth: For a free, equal, mutual and sustainable society
MARTIN LARGE
Hawthorne Press, 2010
£15. Hb. Pp285pp

In the locality where I live, the tale is told of the aged coal merchant's wife sitting in the coal yard at the end of her life clutching her bag of money. So central is money to all aspects of our lives that it assumes a controlling importance over our perceptions of the world around us. These three books seek, in very different ways, to ease the stranglehold of money over the economic, political and cultural spheres of society.

By his own account, Thomas Greco has not attempted to write a scholarly work for the serious student of political economy. However, his personal observations of the evolution of the banking system provide some useful insights into the activities of 'global financial interests'. In a section tantalisingly entitled: "What's Wrong with the Global System of Money and Banking?" he observes that since the introduction of the division of labour, as described by Adam Smith, the individual worker has become increasingly distanced from the produce of their own labour, and increasingly dependent upon the "devices and institutions" which comprise the money system. The subsequent development has resulted in the situation where:

> "Today's centralised global money system (controlled as it is by a small élite class) is from the standpoint of equity, harmony and sustainability, fundamentally flawed – and in my view, is a root cause of the mega-crisis confronting civilization. When that flawed money system is transcended, resolution of other aspects of the mega-crisis will then become possible."

In the author's view, the consolidation of political power over money, banking and finance will, if unchecked, lead to "a modern form of materialistic feudalism". Hence power needs to be decentralised, wealth more fairly distributed, local economies nurtured, the commons restored, monopolies eliminated, provisioning of the basic necessities of life brought under popular control, and ecological restoration given a high priority. And all by means of peaceful, non-confrontational measures.

Greco argues, rightly, that it is up to individuals to take personal responsibility, in voluntary co-operation with others, to reduce dependence upon the dominant institutions of the "centralized government/banking/corporate nexus". However, Greco reasons from the point of view of a man within Western culture to whom a range of options for accommodation to the system are open. The reader is assumed to be an individual who is in a position to obtain an income source, from employment or self-employment within the system, so that savings can be built up and invested. Having met their subsistence needs from the system, the individual can then opt to use alternative exchange mechanisms. These solutions are meaningless to the mass of victims of the global power élite's operations. Women with children in war zones and shanty towns across the world, whose land and labour supplies a large proportion of the everyday needs of the comfortably off in Western culture, will not be cheered by Greco's message. Equally, it is unlikely that the power élites will be left quivering in their shoes after reading this book.

The latter point holds true also for *The Future of Money*. Mary Mellor provides a scholarly description of the evolution of the money system under late capitalism, combined with an excellent résumé of the financial crisis of the last decade. Drawing upon the leading authorities on the subject she portrays the history of money and banking as facilitators of commercial and social change. The development of 'people's capitalism' through the privatisation of public and collective assets paved the way for investment in debt-related derivatives and other speculative financial products. With virtually no public control over the money creation processes, financially profitable business has come to be identified with wealth creation. Thus the shock of the financial crisis of 2007-08 might provide an opportunity for theoretical consideration of radical alternatives, and their practical implementation. Disappointingly, the answer lies, it seems, in centralised state control over money as a public resource. The conclusion reveals the author's failure to progress from description towards some analysis of the institutionalist implications of her subject.

Although the author claims to question how money, "the most powerful of the social technologies", is "issued, circulated, owned and controlled" she remains wedded to the cock-up theory of history. It just so happens that the "money-based exchange systems" of the male-dominated monetised economy form a 'parasitic sector' of society as a whole through the marginalisation of women and the natural world. No institutional framework emerges to aid our understanding of the social relationships mediated by the money system. Quoting Marx, she notes the distinction between production for use and production for sale, whereby the "money value of the commodity exchanged is an expression of market forces and bears no relation to any intrinsic [use-value] of the commodity being exchanged". According to Marxist analysis, capitalists profit by paying labour less than the full "market value" of the product their labour produces. Since workers do not receive sufficient income to buy back the produce of their labour, it becomes necessary to debt-finance further production and/or to find export markets. The rather lame conclusion is that, since money has been hijacked from the people, it should be given back to 'the people'. How that is to happen, remains a mystery.

Martin Large picks up the challenge posed by the financial and environmental crises by presenting a first-class compendium of alternative good practice, forming an invaluable resource for future thinkers and practitioners in social change. A host of practical experiments are documented, offering a variety of routes towards the creation of alternative ways of working to replace rational self-interest as the dominant motivation in economic, political and cultural affairs. Writing from personal experience in a wide range of community ventures, the author produces solid guidelines to enable local economies to maintain community enterprises. A chapter is devoted to the transformation of the destructive free market free-for-all of production towards enterprise centred upon concepts of the common good. Another explores alternative methods of distribution leading to social inclusion and income security. Yet another is devoted to practical approaches to the provision of affordable homes and access to land through community land trusts. Last, but by no means least, the quest to free education from the dominance of the state by creating pluralist, free education systems is documented in detail.

The book as a whole heralds the emergence of 'tripolar society' in which business; the state and civil society have their respective boundaries, whilst forming a vital part of the whole. The threefold model of society contrasts with all forms of centralised, pyramidal corporate state bureaucracy governed by 'fat cats'. Tripolar society emerges where the economy, the political system and the cultural sphere of society work together in a dynamic relationship.

"The health, wealth, resilience and justice of a society are greater the more individuals work with the principles of freedom in creative cultural and civil life, citizens respect the equality of human rights in political life and consumers and producers are guided by mutuality in economic life – and the more sustainability guides our care for the earth."

These concepts are not new: they emerge from the writings of Rudolf Steiner on the *Threefold Commonwealth,* first translated into English in 1919, and cited by Clifford Hugh Douglas as early as 1922. What is new is that leading figures in business, politics and academia, such as David Korten, Nicanor Perlas and the author himself, are bringing these ideas into the public arena, grounding them within the contemporary political, economic and cultural environment.

Common Wealth is thoroughly readable, highly discussable and indispensible as a resource for the creation of a "free, equal, mutual and sustainable society". Throughout the work, charts, diagrams and inset boxes clarify ideas and carry stories of good practice forming most helpful aids to understanding unfamiliar approaches to familiar problems.

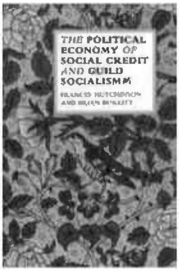
Nevertheless, a big question remains in the air. The 'fat cats' may well benefit from the system as it is, but so also do many of the workers who man the farms and machines, which create the material wealth of the nations. Across the world, those of us who work in industry, administration, transport, distribution, education, health care and a host of bureaucratic and financial institutions are only too happy to take the incomes offered by the 'fat cats' at the top. Without those money incomes we cannot, at present provide the necessities of everyday life for our families and ourselves. The real challenge will be to fight free from the patterns of wage and salary slavery, which currently determine ways of working together within the economic, political and cultural spheres in society. To date, that key question has been coherently addressed within social credit literature, and virtually nowhere else.

Frances Hutchinson

ISSN:0037-7694

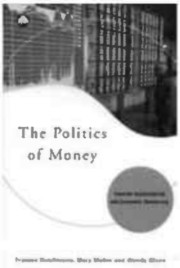
secretary@socialcredit.co.uk
www.douglassocialcredit.com

Recommended Reading



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

(Jon Carpenter £12.99)

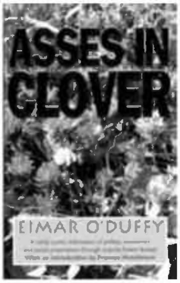


Frances Hutchinson, Mary Mellor & Wendy Olsen
The Politics of Money: Towards Sustainability & Economic Democracy

(Pluto £16.99)

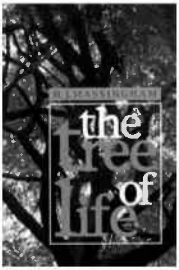
Frances Hutchinson
What Everybody really wants to know about Money

(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)

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

Books by C H Douglas
(available in the Social Credit Library)

Economic Democracy

Social Credit

The Monopoly of Credit

Warning Democracy

Credit Power and Democracy

The Control and Distribution of Production

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