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**If we want to achieve a different society
where the principle of money operates equitably,
if we want to abolish the power money has over people historically,
and position money in relationship to freedom, equality, fraternity ...
then we must elaborate a concept of culture
and a concept of art
where every person must be an artist ...**

Joseph Beuys *What is Money? A Discussion*, Clairview Press, 2010.

The Social Artist is a quarterly journal dedicated to breaking the boundaries between Christian Social teaching, Anthroposophical Social Renewal, and the institutional analysis of money as presented by the Social Credit movement.

The Social Artist

Making
money

Paradox
of value

Social
Dividend

Autumn 2014

The SOCIAL ARTIST

(incorporating The SOCIAL CREDITER)

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Photo Credit Sara Morris

Social Credit literature currently available in print or online.

Over the century (virtually) since Clifford Hugh Douglas first put pen to paper, a vast literature on the subject of Social Credit has appeared in print. Douglas' own works were translated into many languages, and most of his books can still be bought over the internet. Details of further works clarifying, documenting or attacking the movement can be found in my books, including *The Political Economy of Social Credit and Guild Socialism* and *Understanding the Financial System*. A glaring omission in both of those books, however, is the work of the Pilgrims of Saint Michael in Rougement, Quebec. The conferences at Rougemont and the *MICHAEL Journal* have kept the Social Credit flame alive and burning brightly. As they reach out through the Catholic Church they are bringing new hope to third world countries and to the world in general. Copies of the *MICHAEL Journal* can be ordered from them in hard copy and online, www.michaeljournal.org. The stories of CH Douglas, Louis Even and other key figures in the movement are neatly summarised in the following works, which are highly recommended for the newcomer in search of a sound, sane and practical approach to political/economic philosophy.

The Social Credit Proposals explained in 10 lessons and viewed in the light of the social doctrine of the Church

A Study by Alain Pilote
Pilgrims of Saint Michael

This Age of Plenty

A new conception of economics: Social Credit

Louis Even
Pilgrims of Saint Michael

From Debt to Prosperity

Through a honest money system at the service of the human person.

J. Crate Larkin
Pilgrims of Saint Michael

The above works have been reprinted with updated forewords and introductions. A late comer on the scene is the following:

Social Credit Economics

M. Oliver Heydorn,
CreateSpace Independent Publishing Platform
ISBN-10: 1493529765
ISBN-13:978-1493529766

The author of this book acquired a PH.D. in phenomenology from the International Academy of Philosophy at the Pontifical Catholic University of Chile. He has spoken on Social Credit in Canada, Australia and New Zealand. Professor Heydorn has also written

The Economics of Social Credit and Catholic Social Teaching under the same imprint (ISBN: 978-1-4949-4626-5), available in UK £8.29.

EDITOR'S NOTE: We are seeking a reviewer for the two above titles on our normal terms and conditions.

a spiritual and theological framework for both integrating it into personal faith, and for drawing on it to meet the numerous challenges we face in the 21st century. As Pope Francis has said,

I believe that the one who worships God has, through that experience, a mandate of justice towards his brothers. It is an extremely creative justice because it invents things; education, social progress, care and attention, relief etc.

The author writes inspiringly and at times poetically across an enormous range of subjects, believing that through faith and the prayerful and loving application of Catholic Social Doctrine to fields as varied as the economy, science, and the environment, we can transform society, building a culture of life. This may sound impossibly idealistic, but as he says, ‘A Christian society may seem a long way off, but that is a mistake: it exists already, in and among those who show mercy and kindness to those around them.’

At the end of the book there is an Appendix comprised of six essays, which are made highly accessible and engaging through a plainer, more direct prose style. Given the terrible situation in today’s Middle East it was fascinating to learn from the essay on Saint Francis, for instance, that during the Fifth Crusade, Francis went to the front lines to try to persuade both sides to stop fighting. When his pleas fell on deaf ears in the Christian camp he went over to the Muslim camp, and entered into dialogue. He is said to have been impressed by the courtesy with which he was treated, the Muslim call to prayer, and the immense respect shown for the name of God/Allah. No direct link can be traced, but soon afterwards the Sultan gave most of Jerusalem back to the Christians, and placed the Holy Places in the care of the Franciscan Order.

Equally fascinating is the essay on

Distributism, a philosophy developed by GK Chesterton and Hilaire Belloc. (The author was, until his recent death, the GK Chesterton Fellow at St. Benet’s Hall Oxford) Distributism advocates that private property be widely distributed throughout society, rather than accumulated in the hands of a few, so that people can lead a fulfilling and largely independent life, without the indignity of being a ‘wage slave’.

There is one essay, and one aspect of this book, which some readers, myself included, may find problematic. The essay on ‘Gay Unions and Marriage’ presents a strictly traditional Catholic view of marriage which appears to exclude not only gay couples, but all couples who cannot or do not have children for any reason. ‘Marriage is a reproductive covenant for the procreation and education of children’; this restrictive and proscriptive definition seems to devalue many enduring, positive and socially beneficial relationships, and is a view to which I personally cannot subscribe.

The book ends with a call for ‘Slow Evangelization’, an evangelization that is ‘humble and tentative’. Drawing inspiration from the Slow movement, where real wealth is measured by quality of life, and achieved by care and contemplation, the author envisions that with an ‘attitude of openness and prayer, of hospitality and kindness, the faith we represent may grow and develop in a new way, not imitating the patterns of the past, but finding new forms that answer the needs of our age.’ That, one imagines, would be something all readers could endorse.

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Editorial

Since we all live within an economic system on which we are dependent for our everyday needs, indeed for our very existence, it would seem to make sense for us to develop some understanding of how that system works. Unfortunately, mainstream economic theory as taught in schools, colleges and universities, is based upon a series of fundamentally flawed assumptions. The debates, writings and discussions of dedicated men and women from the churches, politics, arts and the peace movements cannot take on board economic theory, nor can they be taken on board by economic theorists. For economists, there is no necessity to question the availability of finance for wars and environmentally degrading agricultural practices. Starvation, poverty and inequality are simply facts of life which economics can account but not correct.

Mainstream economic theory eliminates all considerations of civil rights, justice, sound agricultural practice, voluntary (unpaid) work, family responsibilities and the host of political, ecological and social considerations which form the basis of a sustainable human society. The textbooks assert that economics is ‘non-normative’: it is concerned with facts, with what actually *is*, not what ‘ought’ to be. Hence the first step in analysing the economy

is to eliminate from the equation all uncomfortable facts which might stand in the way of elegant theory. Don’t take my word for it – read any elementary introductory text on the subject. Take, for example, the familiar (to economists) “diamond-water paradox”, admirably explained on Wikipedia:

“The **paradox of value** (also known as the **diamond–water paradox**) is the apparent contradiction that, although water is on the whole more useful, in terms of survival, than diamonds, diamonds command a higher price in the market.

“In explaining the diamond-water paradox, marginalists¹ explain that it is not the total usefulness of diamonds or water that matters, but the usefulness of each unit of water or diamonds. It is true that the total utility of water to people is tremendous, because they need it to survive. However, since water is in such large supply in the world, the marginal utility of water is low. In other words, each additional unit of water that becomes available can be applied to less urgent uses as more urgent uses for water are satisfied.

Therefore, any particular unit of water becomes worth less to people as the supply of water increases. On the other

hand, diamonds are in much lower supply. They are of such low supply that the usefulness of one diamond is greater than the usefulness of one glass of water, which is in abundant supply. Thus, diamonds are worth more to people. Therefore, those who want diamonds are willing to pay a higher price for one diamond than for one glass of water, and sellers of diamonds ask a price for one diamond that is higher than for one glass of water.” (http://en.wikipedia.org/wiki/Paradox_of_value)

The key issue here is *the ability to pay money*. Nothing else is to be taken into account. Thus economic theory is all about how people choose to spend their money. If a man has plenty of money, and no need for water, he is perfectly at liberty to spend his money on a diamond, even if the man, woman or child next to him is dying of thirst. If the State takes some of the rich man’s money to give to the poor, it interferes with the freedom of flow of the free market which will – in the long run – iron out all inequalities.

Economic theory ignores the fact that ownership of the means of production is not evenly distributed amongst the players. Some ‘economic agents’ enter the field owning finance and/or capital assets such as land, buildings, factories and machines, whilst other ‘economic agents’ have nothing to sell but their labour. According to economic theory this fact is entirely beside the point, and so can be eliminated from consideration². Yet this inescapable fact (of the absence of a level playing field) is crucial to the actual ways in which the economic system works. If there were no people

forced to ‘labour’, to be ‘employed’, to undertake the tasks necessary to maintain the money economy, there would be no money economy, no economic system. By the ‘economic system’ we mean the production, distribution and exchange of goods and services *for money*. In short, the concern of economists is the maintenance of the *financial system*. The real economy of work, the land, the community, may be affected by the workings of the financial system, but that is only accounted if in some way registers *financially*.

Economists do not study the practical measures necessary to the meeting of *needs*: they study the satisfaction of wants, *i.e.*, how supply meets demand backed by *money* through the mechanism of price. They study the production, distribution and exchange-for-money of the mountains of armaments and the mass of designer goods, all of which are designed to become obsolescent. Economics is the study of how those goods and services are apportioned to economic agents and exchanged on the market. Almost incidentally it is the study of how the necessities of life – food, clothing, shelter – are delivered to the workers so that they can supply the ‘labour’ essential to maintain the *financial* system. Economics is not the study of how the economy relates to the natural world from which it draws all its resources. It is not, and never has been, the study of how the necessities of life can be supplied to the citizens of a nation, town or village.

At present, the ordinary citizen is locked into supplying the labour necessary to

profiteering owners. As greed became the dominant motive for cooperation in economic associations, ‘work’ came to mean ‘working for money on the terms set by an employer’. That is, labour became ‘disutility’, something unpleasant, to be got over with as fast as possible so that the money income becomes available to spend in the marketplace. In recent times, the key concept of work as ‘utility’, something intrinsically satisfying, has been lost. For the author of this book, however, cleaning, one of the humblest forms of human work the world over, is transformed into an art form. And, like all forms of art and craft, it cannot be done adequately when the work is motivated solely by the desire for money.

A book on cleaning homes, offices and workplaces might at first glance seem out of place in a journal founded by Clifford Hugh Douglas to promote the study of money and incomes. However, what distinguishes Social Credit from other bodies of economic thought is its ability to factor in the caring and artistic side of human nature to the economy as a whole. In the 1930s, when this journal

Not As The World Gives: the way of creative justice

Angelico Press (May 2014)
ISBN 978-1-62138-054-2
pp 292 £10.95

On the cover of this strikingly attractive book is a detail from The Washing of The Feet by Duccio di Buoninsegna. It is a perfect choice, as it shows Christ humbly serving the disciples with a generous act of kindness: a freely given and divinely-inspired gift.

This impulse, of giving freely of ourselves, in society and in personal

was founded, women played a major role in campaigning for economic security for all, regardless of status in the sphere of production, distribution and exchange of material products. See, for example, the article by Beatrice Palmer reproduced in the Winter 2013 edition of *The Social Artist/Crediter*.

Linda Thomas and Floris Books are to be warmly congratulated for a refreshing publication, original in style, content and presentation. It is a delight to read. Rarely does one find, combined within the covers of a single book, psychological and spiritual insights alongside advice on organising practical tasks, from a full spring clean to stain removal. Why Cleaning has Meaning heralds a revolutionary change in the ways we relate to others through our understanding of how we interact with our material surroundings. It is highly recommended for group study for all to whom the generation of thoughts about the good society is more important than the fostering of materialism and the ever-expanding growth economy.
Frances Hutchinson

relationships, is what the author believes should imbue the faith of Catholics and indeed all Christians. We are, he says, ‘creatures of gift, who find ourselves only by striving to love’.

The way this faith is expressed, and lived in society and the wider world, is through Catholic Social Doctrine. The author dislikes the term Catholic Social Teaching, believing it is too removed from its spiritual context and at risk of becoming just another ideology. This Social Doctrine is viewed as far more integral to the Catholic faith than has perhaps been understood, and the book provides

Book Reviews

Why Cleaning has Meaning: Bringing Wellbeing into Your Home

by Linda Thomas

Floris Books, 2014

ISBN: 978-178250-050-6

Pb. 232pp, £14.99

Linda Thomas has devoted her life to the cleaning profession. In 1988 she established an ecological cleaning company which she ran for over twenty years, and from 1993 to 2012 she was in charge of cleaning the buildings of the Anthropological centre, the Goetheanum. During this time she travelled widely and became well-known for her lectures and workshops on the significance and practicalities of cleaning with love and care to create wellbeing in places where we live, work and meet together. Traces of our thinking and feelings as we go about our activities create the atmosphere of a place. Devotion to small things, reverence and gratitude can enhance the “atmosphere” of a living space, because all spaces have a living quality about them.

Bringing order into man-made living spaces through cleaning and tidying dates right back to the earliest of times, when human society began to evolve the basic rhythms of social life. Conscious awareness of time and space allowed order and cleanliness around the house to become the forming factors of civilization. As human beings developed coordinated ways of using the body and the objects necessary to maintain it, they created customs and traditions. These were often expressed in the form of folk stories about harmful and helpful spirits. In a

fascinating chapter entitled “Cleaning as a Cultural Impulse” the author cites cleaning rituals associated with annual cultural traditions from all over the world. Cleaning is a time when worn, broken and unnecessary items are firmly disposed of if harmony is to be maintained in the living space. When we accumulate too much, and eliminate too little, the tension becomes palpable.

Although this book will perhaps be most readily accessible to followers of Rudolf Steiner’s teachings, it deserves consideration in a far wider context. As the author observes, cleaners are everywhere, in our homes, workplaces, shops, pubs and concert halls and their task is to be observant. A conference of cleaners could tell us more about the state of the world than could a gathering of economists, ecologists or psychologists. And it is high time they were taken seriously. In many creation myths the care of the earth and its creatures was entrusted to humanity. Today, as selfish interests predominate and the duty to care is neglected, the physical environment deteriorates and with it the sense of meaning and purpose. Through caring for the spaces used by individuals and groups, one is caring for the people themselves whatever the financial arrangements might be.

Economics became pre-occupied with the distribution of *things* through the money system, leaving us oblivious of the need for creative working practices. Machine technology has all too often resulted in the degradation of workers, making them the slaves of the machine and its

maintain an economic system designed to create war and waste on a massive scale. People seek work in the hopes of receiving the necessities of life and some luxuries. Because of the way the whole system is presented to children and young people, the desire for more and more luxuries, coupled with the prestige that goes with a successful career and the fear of falling out of the system, few questions are asked. Outside the academic world would-be monetary reformers have tended, over past decades, to chip away at some safe single-issue, campaigning for a basic income or a minimum wage, whilst leaving the fundamental tenets of mainstream economic theorising unchallenged. Where social crediters have seriously challenged the powers-that-be, they have been silenced³. Nevertheless, the growing gap between rich and poor is now reaching such proportions that it is time for ordinary people to challenge the ‘experts’.

Pope Francis’ distrust of economic theory and theorists has been noted in *The Tablet* recently. Francis McDonagh reported that, in January 2002, as Archbishop of Buenos Aires, Mario Bergoglio:

“spoke to the Italian Magazine 30Giorni of ‘economic and financial terrorism that has produced effects that are easy to see’. Among these effects, he noted that ‘between the city of Buenos Aires and the outskirts there are two million young people who are neither in education

nor working’. He compared economic policies to the Israelites’ worship of the golden calf in the desert.

“For Bergoglio, unemployment has always been a critical issue, an attack on human dignity. Developing the comparison with the golden calf, he said: ‘Where there is idolatry, God and human dignity are cancelled out ... The new imperialism of money even destroys work, which is the way human dignity and creativity are expressed, the creativity that is the image of God’s creativity.’

“And then the archbishop pointed to the biblical roots of the Church’s social teaching: ‘In committing itself to this common effort to get out of the crisis we always bear in mind the teaching of the tradition of the Church, which recognises the oppression of the poor and defrauding workers of their wages as two sins that cry to Heaven for vengeance ... We are tired of systems that produce poor people for the Church to look after.’”⁴

These words make it necessary to ask some fundamental questions about the whole relationship between production and consumption, between work and incomes. Those same questions were being asked a century ago by the Guild Socialists who first related to the social credit texts of Clifford Hugh Douglas. In these pages we pursue these themes more fully.

¹ The ‘marginalists’ were the neoclassical economists who, in the late nineteenth century invented ‘The earlier classical economists espoused the ‘labour theory of value’.

² When this issue does arise in political discussions, it raises powerful emotions. Those from a wealthy family background feel threatened by the idea of a level playing field, whilst the poor envy the rich. In these circumstances, rational analysis breaks down – and the economists are left a free hand to pedal their wares.

³ See, e.g., *Understanding the Financial System: Social Credit Rediscovered*, Frances Hutchinson, available from www.douglassocredit.com

⁴ Francis McDonagh “More Good Samaritan than Marx and Engels”, *The Tablet*, 2 August 2014 (p14-15).

How Money is Made

Clifford Hugh Douglas

I am going to ask you to bear with me while I go over certain features of the existing state of affairs and the misunderstandings which are connected with it. The situation is complicated by a large number of phrases – I don't know whether you have them in Norwegian but we have them in English – and they are misleading. For instance, we hear, or we did hear in the happy days gone by, that, let us say Mr. Jones was “making money.” Mr. Jones was a bootmaker or a brewer.

How Money is Made

Now the first thing I think that we have to recognize—a thing which is quite incontestable—is that there are only three classes of people in the world who make money, in any literal sense of the word. In Great Britain, for example, there is the Master of His Majesty's Mint, who makes metal coinage, and, after a long and honourable career, he generally gets a little bit of red ribbon—a Knight

Commandership of the Bath—and a good salary. There is the gentleman who sets up a little plant of his own and either makes counterfeit coins or writes very delicately executed signatures on pieces of special paper. He “makes” money, but he gets as a reward fifteen years imprisonment. There is the third who, in regard to this matter, is much less advertised and much more retiring, and that is the banker, and it is he, in the literal sense of the word, who makes over 90 per cent. of the actual money that we use. When I say “makes it” I mean exactly what I am saying; he makes it in exactly the same sense that the brickmaker makes bricks, and not in the sense that Mr. Jones makes money; Mr. Jones only gets it from somebody else, but the banker *makes* it. The method by which the banker makes money is ingenious, and consists very largely of bookkeeping. There is not, I think, in well-informed circles really any discussion in regard to the matter itself.

Spirituality in Daily Life

Khalil Gibran

You work that you may keep pace with the earth and the soul of the earth.
For to be idle is to become a stranger unto the seasons, and to step out of life's procession, that marches in majesty and proud submission towards the infinite.
When you work you are a flute through whose heart the whispering of the hours turns to music.

Which of you would be reed, dumb and silent, when all else sings together in unison?
Always you have been told that work is a curse and labour a misfortune.
But I say to you that when you work you fulfil a part of the earth's furthest dream, assigned to you when that dream was born.
And in keeping yourself with labour you are in truth loving life.
And to love life through labour is to be intimate with life's inmost secret.
But if you in your pain call birth an affliction and the support of the flesh a curse written upon your brow, then I answer that naught but the sweat of your brow shall wash away that which is written.

You have been told also that life is darkness, and in your weariness you echo what was said by the weary.

And I say that life is indeed darkness save when there is urge.

And all urge is blind save when there is knowledge.

And all knowledge is vain save when there is work.

And all work is empty save when there is love.

And when you work with love you bind yourself to yourself, and to one another, and to God.

And what is it to work with love?

It is to charge all things you fashion with a breath of your own spirit.

And to know that all the blessed dead are standing about you and watching.

Work is love made visible.

Quoted in *Why Cleaning has Meaning*, From *The Prophet* by Khalil Gibran.

Why, even then the resources of capitalist civilisation are not exhausted. If English workers can no longer be got cheap, cheaper foreign workers can be imported. But if public opinion resists, capitalist tools are sent where cheap labour abounds: and this is called 'foreign investment'.

What is needed is revolution. A revolution is a turning point and change of direction. It is to be contrasted with evolution or continuous transformation. A simple example of continuous evolution is provided by the history of the locomotive. It is true that locomotion by steam has been succeeded by locomotion by petrol and by electricity; and that locomotion on land has been followed by locomotion on and under the water and locomotion in the air. But the

transformation from steam to petrol and electricity and of the medium from land to water and air are not revolutions, since they involve no new principle of power, but arise from adaptations of the already known principles. On the other hand, the introduction of steam itself was a revolution, since it brought into practical use a form of power before unutilised. In social organisation the same distinction may be traced. Between chattel and wage-slavery, for instance, there *was* a revolutionary turning point. Wage-slavery was an entirely new direction. Again, between the wage-system and the system of National Guilds there must be a revolution. While the wage-system remains any transformation within it is a process of evolution. Only action designed to end it is revolutionary.

Creating Order

Omraam Mikhael Aivanhov

The greatest happiness human beings can experience is when they are creating. Why? Because this is when they come closest to the essence of God. God is the creator, and human beings, whom he made in his image, can be creators, too. Of course, it is not a question of comparing human creations with the divine creation but of emphasising this truth, that happiness is found in the creative act, so in this sense artist express their greatest feelings of happiness. You will say, 'What about mystics and scholars?' Yes, insofar as they can also

be creators, they experience the same happiness as artists. And don't go protesting that you have known artists who were tormented and very unhappy. What I mean when I say that artists are happy is that while they are creating, in the act of creation, they live in plenitude – and 'artist' can also be taken to mean any human being in the process of creating.

Quoted in *Why Cleaning has Meaning*,
From: Omraam Mikhael Aivanhov, *Daily Meditations*

Chairmen of some of the big English banks still deny that bankers make money in the sense that I mean, but I don't think anybody pays much attention to them. The "Encyclopedia Britannica" which most people accept as a fairly sound and reputable authority, states that "bankers create the means of payment out of nothing". The Chairman of the Midland Bank, the Right Honourable Reginald McKenna, put the matter as shortly as I think it can be put when he said that every bank loan *creates* a deposit, the repayment of every bank loan *destroys* a deposit; the purchase of a security by a bank *creates* a deposit and the sale of a security by a bank *destroys* a deposit. There you have, in as short a compass as possible, a quite undeniable statement of where money comes from. All but 0.7 of one per cent. (or over 99 per cent.), in Great Britain at any rate, of the money transactions—without which under modern conditions none of us could exist—are in the form of "bank credit," which is actually manufactured by the banking system and is claimed by the banking system as its own property. That is undeniably because the banking system *lends* this money (it does not give it), a condition of affairs which will be accepted by anybody as sufficient proof of a claim to ownership¹. Over against that, you have the manufacturer of real wealth, by which I mean things which money will buy, clothes, houses, motor cars, the things that go to raise the physical standard of living, and embroider our civilization. We realize, I suppose, without having it emphasised too much, that the possession of money is a *claim* upon real wealth: some of us who have not

gone into these matters for any length of time are still hypnotised into thinking that money *is* real wealth. I am sure, in an audience of this calibre, it is not necessary to emphasise this: money is *not* real wealth. It is a *claim* upon real wealth. Now classical economics is based unquestionably, in my opinion, on "barter" economics, and this is where the classical economics parts with what we are beginning to call the new and, in my opinion, the real economics.

Money now as a Means of Distribution

The classical economics works on the assumption that the nature of money is that it is a medium of exchange. That idea proceeds from a state of affairs which was, at any rate broadly speaking, true perhaps 200 years ago. It was the assumption that in some sense or other, from the highest to the lowest, everybody worked, and that they exchanged or bartered the fruits of their work with each other through the medium of money, so far as it was used. The idea was that you had a constant exchange of goods and services between, let us say, A, B and C; and the whole of the classical economics is really based upon that idea, that we are all of us producers and consumers in the economic sense, and that the function of money is to exchange between ourselves the goods and services which each of us produces.

Whatever may at one time have been the truth of this, it is, of course, patently not true now. The modern economic production system is not a system of individual production and exchange of production between individuals. It is more and more the synthetic assembly, in a central pool, of wealth

consisting of goods and services which are preponderantly due to the use of power, to modern scientific processes and all sorts of organisations and other constituent contributions of each one of us which will occur to you. The problem is not to exchange the constituent contributions of each one of us to that central pool, because in fact our contribution to that central pool, in the ordinary sense of tangible economic things, is becoming smaller and smaller. The correct picture—the incontestably exact picture of the modern production system—is, to my mind, based upon a kind of typewriter with a decreasing number of operators who are tapping the keys, and, by tapping these keys, fewer and fewer operators can produce all that we require. Through the power of the sun (oil power, steam power and so forth consist of what is generalised as solar energy) the so-called curse of Adam is being transferred from the backs of men to machines, so that a small number of persons operating on this machine of industrial “production”, can produce all that is required for the use of

the population; and the problem is not to *exchange between* the number of the population, who are less and less required to push these keys, but it is to *draw from* this central pool of wealth by means of what can be visualised as a ticket system. And the modern money system is in fact losing almost daily its aspect, however much it may at one time have been true, of a medium of exchange, and becoming more and more a ticket system by which people, who are not exchanging their production, can draw from that central pool of wealth. That I believe at bottom to be the fundamental cleavage between, let us say, my own view and those who think with me, and the school of classical economics.

Extract from Money and the Price System, Speech delivered at Oslo on February 14, 1935, to H.M. The King of Norway, H.E. The British Minister, The President, and Members of the Oslo Handlesstands Forening (Merchants Club).

by C. H. Douglas

¹ NOTE: The only “legal tender” in Great Britain is coin and bank notes of which at the date of this address perhaps £200,000,000 is in circulation, and about the same amount in the banks. The bank clearings amount to about £39,000,000,000 per annum. (1935 figures).

We commend to our readers the *MICHAEL* journal, published bi-monthly in Canada.

It was founded by Louis Even who, having read initially *From Debt to Prosperity: Through an honest money system at the service of the human person* by J. Crate Larkin, and subsequently the writings of CH Douglas, devoted the rest of his life to promoting Social Credit ideas. He was able to explain them in a way that was easy for the general reader to understand, without losing any detail or nuance. Virtually all issues of the journal feature some of his writing. Full details, including past issues and subscription information can be found on their website:

www.michaeljournal.org

¹ Pope Francis, *Evangelii Gaudium: The Joy of the Gospel*, Apostolic Exhortation on the proclamation of the Gospel in Today’s World. Catholic Truth Society, 2013.

² See Frances Hutchinson and Brian Burkitt, *The Political Economy of Social Credit and Guild Socialism*, Routledge 1997 (2005 paperback reprint) for a fully documented, academically authenticated history of the Social Credit movement.

³ The terminology presents problems here. Guild Socialists used the term ‘National Guilds’ to indicate that individual, decentralised enterprises would operate under a national legal system. Many have inaccurately equated with State Socialism, or Communism.

⁴ Quoted in Hutchinson Burkitt, *op. cit.* p152.

The Wages System

A.R. Orage

An outcry was raised when somebody first called the proletariat wage-slaves and their condition one of wage-slavery. On the contrary, the wage slaves profess to be free people, and regard their state as a great advance upon chattel-slavery and serfdom. But let us note that it was not by their exertions that the change from chatteldom to wagedom was brought about. In commercial practice it is cheaper to hire labour than to own it. Slave owners found that the privileges demanded by slaves grew to be excessive: they actually expected to be reared and educated, to have leisure while they were working, and provision made for illness and old age, as if they were human! The trouble alone was great and the cost was terrible. How much better it would be to set the slaves at liberty and to throw upon themselves the burden of breeding, provision for sickness and so on. Then the employers would only have their working years to consider. They could go into the proletariat quarters and select only the fit, leaving the unfit to die or become fit at the expense of the rest. Is it not obvious from this consideration that if the substitution of wage-slavery for chattel-slavery, hiring for owning, was one step forward for labour, it was

at least two for capital? And the proof is that capital has immensely increased its wealth, while the wages of labour are much the same as they were when labourers were chattels.

The first condition of the wage-system is that there shall be property-less people – people, that is, with no access to land or the tools of production. This state is brought about by divers means in various times and places. Usually the distinguishing feature is the enclosure of the common lands. Thus shut out of the use of the necessary tools of production, the property-less now become proletarian, and must go and ask for charity. But charity without work is demoralising, so they must work. Upon what? Upon and with the tools belonging to the more fortunate few who have retained their property. But there are so many of the workers – who among them shall find an owner to hire them? Why, the cheapest – those, in fact, who can shift on least wages. Wages thus tend to a minimum owing to the large numbers of the proletariat. What, however, if they combine in unions, and by all co-operating with each other and each with all, fix a minimum price for their labour?

an end to waged and salaried slavery. The work of carers for children and the home, educationalists, artist and farmers, for instance – must be gifted to the social order. It cannot be meaningfully traded for money as if it was a sack of potatoes or a pile of gold coins. This raises the question of the role of finance in the economic, political and cultural realms of the social order.

No to the Idolatry of Money

Over recent decades the culture of prosperity has deadened our senses. Pope Francis observes:

“We are thrilled if the market offers us something new to purchase. In the meantime all those lives stunted for lack of opportunity seem a mere spectacle; they fail to move us. ... One cause of this situation is found in our relationship with money, since we calmly accept its dominion over ourselves and our societies. The current financial crisis can make us overlook the fact that it originated in a profound human crisis: the denial of the primacy of the human person! We have created new idols. The worship of the ancient golden calf (cf. *Ex* 32:1-35) has returned in a new and ruthless guise in the idolatry of money and the dictatorship of an impersonal economy lacking a truly human purpose. ... man is reduced to one of his needs alone: consumption.”⁴

Pope Francis calls for an end to the financial system that rules rather than serves. Where money rules, a “throw away society” permits dire poverty to exist amidst plenty.

In the 1930s, amidst the Depression years, the insane financial system caused the Danes to incinerate cattle at the rate of 5,000 per week, the Cubans to destroy

the glut of sugar, the New Zealanders to drive lambs into the sea, the British to destroy fruit, potatoes, milk and sugar, and throw fish back into the sea. “‘Why should that be?’” asks the intelligent child in a Social Credit journal of 1934. And the answer comes, “‘There is no money to buy them because so many people are not working.’ The child wonders why the fish should not be given to those who need them, but this is – to her elders – an utterly absurd idea. ‘Imagine giving things away! Why, if that were to be done nobody would want to work.’ The child ponders on this problem for a while but cannot see why people should starve simply because they cannot get work.”

The Social Credit movement of the 1920s and 1930s was a powerful force in world politics. Activists did not call for a change of heart on the part of their political leaders: they recognised that the policies being implemented flowed from those very leaders. Instead, Social Crediters sought to use all the means of communication and self-education available at the time. This was with a view to creating a better informed general public capable of shaping policy under a free and democratic economic system. On their own, the Social Credit analysis of the financial system can serve capitalism, communism or even fascism, as Douglas himself never tired of pointing out. What was - and is - needed was a change of heart in the population as a whole if an alternative is to be found.

EDITOR’S NOTE: This is the first in a series of articles on Social Credit.

Craftsmanship in Competitive Industry

C.R. Ashbee

EDITOR’S NOTE: The following is an extract from *Craftsmanship in Competitive Industry*, written in 1908 by C.R. Ashbee, a prominent member of the Arts and Crafts movement.

What I seek to show is that this Arts and Crafts movement, which began with the earnestness of the Pre-Raphaelite painters, the prophetic enthusiasm of Ruskin and the titanic energy of Morris, is not what the public has thought it to be, or is seeking to make it; a nursery for luxuries, a hothouse for the production of mere trivialities and useless things for the rich. It is a movement for the stamping out of such things by sound production

on the one hand, and the inevitable regulation of machine production and cheap labour on the other. My thesis is that the expensive superfluity and the cheap superfluity are one and the same thing, equally useless, equally wasteful, and that both must be destroyed. The Arts and Crafts movement then, if it means anything, means Quality, whether of work or of life, the protection of Quality, whether in the product or in the producer, and it means these two things must be taken together.

Quoted in Mary Greensted (Ed.) *An Anthology of the Arts and Crafts Movement*, Lund Humphries (2005), p60.

Towards Economic Security for the Individual

Louis Even

Economic security means simply that one will be assured of having one's "daily bread". And this, in turn, means having not only today's bread, but being assured as well of having tomorrow's bread.

Economic security means that; just as long as there is wheat, there will be bread for you. And when we speak of "daily bread", we mean not only the food to nourish our bodies, but the material with which to clothe them and the buildings in which to shelter them from the elements.

Without depriving anyone

Today in our modern society, especially in those countries which are advanced and highly developed, production is so abundant that everyone's needs can physically be cared for without the

necessity of having to deprive certain individuals in order to provide for others. This is true, beyond any shadow of doubt, in the case of basic needs — food, clothing, and shelter.

There is absolutely no need to deprive anyone of their possessions in order to provide for others, at least in the matter of the three vital needs, and also in regard to many other items, not so vital, but equally abundant. If goods and products were allowed to flow freely instead of being piled up in warehouses and on merchant's counters, no one would be despoiled, and yet, everyone would have what they needed.

Major Douglas, the founder of the Social Credit school, made this quite

to bring humanity out of subservience to nature and into the materialism of the future. Successive waves of exploitation — slavery, feudalism — gave way to waged work under the orders of capitalists. But all along, it was the work of the workers that created the material wealth, which the capitalists commandeered, unjustly, to themselves. All would be well in future when the material wealth was taken by force from the rich and commandeered by the worker-controlled State. Materialist philosophy holds that, once everyone has equal access to material wealth, culture and the arts will flourish.

What is Guild Socialism?

The Guild Socialists of the early twentieth century cut right through the flawed thinking of corporate capitalism and state socialism³. Both polarised positions, they noted, assume that self-interest dominates humanity. That is, they assume that the motivation of capitalist and worker is identical: self-interest. The capitalist seeks financial profit and the worker seeks a money income in the form of wages. Guild Socialists observed how men and women actually work in real life. Outside the money economy, people find joy in cooperating with others in a common cause. Within the home, people care for each other, looking after children and the sick, cooking food, cleaning the house, tending the garden, creating pleasing artefacts and developing all aspects of their personalities. Outside the home, in fields, workshops and sacred places, people meet to celebrate festivals with song, dance and the performing arts, creating community spaces for work and leisure. Even in warfare, people come together to fight for a common cause.

Generation after generation inherits the common cultural inheritance of language, skills and technology, an inheritance which far outweighs any personal input of the individual capitalist or worker. However, in seeking to use the new technologies to create a sufficiency of material goods designed to be ornamental as well as useful, the Guild Socialists ran up against an insuperable snag. Under late capitalism they had to meet their costs of production in terms of finance.

What is Social Credit?

Guild Socialist writings embrace the quest for good work, conservation of the land and its resources and above all the welfare of the whole community. What they lack is an analysis of the workings of finance and its relationship to the real economy of the work-a-day world. This dimension was supplied when, in 1917, Clifford Hugh Douglas brought his monetary theories to A.R. Orage, Guild Socialist editor of the influential national weekly, *The New Age*. By the early 1930s the Social Credit movement could not be ignored by the major figures in politics and academia.

The world-wide popularity of the Social Credit movement in the 1920s and 1930s derived from the quest of businessmen, trades unionists, artists, theologians, farmers and above all women in all walks of life, to create a working market economy free from the domination of finance. What the early Social Crediters activists recognised is that good work is a sacred duty which cannot be bought and sold for money. With Guild Socialists such as John Ruskin, William Morris and A.R. Orage, Social Credit activists sought

What is Social Credit?

Frances Hutchinson

“Can we continue to stand by when food is thrown away when people are starving?” asks Pope Francis in *Evangelii Gaudium*. He argues that under the ‘laws’ of economic freedom the powerful commandeer the labour and resources of the economy, leaving the powerless “excluded and marginalized: without work, without possibilities, without any means of escape”. Powerless human beings are being used up and then discarded, like throw away goods in a throw away culture. The excluded are not even being exploited, according to Pope Francis, they have become the outcasts, the ‘leftovers’, no longer even a part of society¹. This being the case, it becomes essential to revise the old terminology. During the twentieth century the two basic camps of capitalism and socialism dominated political debate. A third form of political economy, Social Credit, has been religiously excluded from all discussion in academic and political circles. The time has come to review the Social Credit movement in the light of the failure of both capitalism and socialism to create economic democracy within the framework of the free market².

What is Capitalism?

The growth of the money economy has facilitated technological development such that the material standards of life for many has increased beyond all possible expectations. A mere two

hundred years ago, news of the Battle of Waterloo reached London by the fastest possible means of communications, horse and sailing ship. Over the past two centuries, capitalists have invested money in factories, mines, transportation and technological communications, so that today the money system produces, distributes and exchanges vast material benefits to all whose support is calculated as useful to the system. Liberals have argued that without capitalist enterprise and risk-taking, the standard of living, the quality of life, and welfare in general would never have progressed. We would be living in the Dark Ages, lighting candles at dusk, and suffering from cold, hunger and disease. We had to progress, they say, and we have to thank those driven individuals who led the industrial revolution for the legacy of material welfare from which we all benefit. We cannot put the clock back. On the contrary, if more and more wealth is generated, if the economy is allowed to grow without interruption, wealth will trickle down to the poorest, and all will be well. The fittest must be allowed to thrive so that the weakest can be provided for.

What is Socialism?

Marx also argued that capitalism was a ‘good thing’. It was a necessary stage in human evolution, through which the workers were organized, enabling them

clear in testifying before the Banking and Commerce Committee in Ottawa in 1934. He stated quite explicitly that there was plenty for everyone, actually or potentially, and that to deprive some to give to others was simply Socialism. This was not his way, he said. His way, he said, was to monetize the riches which existed in order to give to the needy. It is quite obvious also that the rich, all together, are not capable of eating all the food, wearing all the clothing, and living in all the houses which we presently produce; even less could they do so if we did not leave all the willing hands unemployed, or did not turn them to forms of production which are merely superfluous or downright harmful.

The evil of the financial system

The fault lies in the fact that our existing financial system is not adapted to the realities of the distribution of this abundance of goods, nor to the proper sharing of it among the people. The time is long since past when it could be distributed through the means of simple bartering between producers. The money system was invented to expediate the flow of goods freer between producers and consumers: we have a product to sell; we receive money for it. In turn we use this money to buy what we want from other producers.

But today, more than half of the population receives no money from the production system, but who, all the same, must live, have a right to live, and philosophically and socially speaking, is entitled to a share of production. Production today is being more and more accomplished with less and less use of

human labor because of the perfection of techniques and machines, which progress has made possible through the cultural heritage that has been passed down from generation to generation. This cultural heritage is not the property of one individual or one group, but is rather the inheritance of all. It is a common good that belongs to the totality of the present generation.

However, the financial system has not been designed in accord with this reality. It continues to distribute the means of payment only to the part of the population that is actively engaged in the field of production. Major Douglas, speaking before the same committee mentioned above, remarked that the existing financial system existed only for the benefit of that system; but that if it functioned as it should, it would become the reflection of the reality of production, and would become an instrument of distribution of production. For Douglas, an ideal financial system was made up of two elements: it functioned as an accounting system and, secondly, as a system for the distribution of production. Unfortunately, he said, at present the financial system in no way reflects the realities of production and is defective and irregular in functioning as a system of distribution for products.

Purchasing power for everyone

To be a good distribution system, the financial system ought to furnish purchasing power to all individuals, to all consumers. For, after all, production is realized for consumers; and it is suffering today, precisely

because products are not reaching the consumers for whom they were intended.

All consumers, all citizens have a right to share in this wealth. They have this right precisely because they are human beings. Pope John XXIII recalled the words of his predecessor, Pius XII:

“The goods which were created for all men should flow equitably to all, according to the principles of justice and charity. Every man, inasmuch as he is endowed with reason, holds by nature itself, the fundamental right to use the material goods of the earth, although it may be left to the human will or to the juridical institutions of peoples to decide in detail the practical realization of this right.”

To decide in detail the practical realization of this right should be the duty of any government worthy of the name, and it should be done in such a way that no one should be forgotten. And furthermore, it should be done in such a fashion that no individual should be humiliated or degraded. In respecting this fundamental right of the individual, one must never lose sight of his freedom and dignity.

This is what Social Credit proposes. It not only seeks that there should be a total purchasing power equivalent to the total price of the production on hand; but it does more than that, for this purchasing power might be an exact reflection of the production system, but it does not, by this fact, necessarily guarantee the distribution of production to all. It still lacks a social characteristic.

Social Credit therefore proposes the necessary step to attain the correct

balance. It provides for a periodic dividend for each individual. And this periodic dividend comes to the individual by right of his being a human being; it has no link with employment. As the individual has a right to goods by reason of being a human being, so too is he entitled to this periodic dividend. This is the true social characteristic of authentic Social Credit. Whosoever rejects the universal dividend, might very well be a monetary reformer, but he is most certainly not a Social Creditor. Rather, he would tend to be a Socialist.

Under Social Credit, no one would ever suffer humiliation. There would be no inquisitions to find out what the means of living were for an individual, to discover whether or not he deserved purchasing power. Social Credit considers each individual as a capitalist inasmuch as he is the co-heir of progress and the cultural inheritance handed down from previous generations, and a co-owner of this progress — which is the great factor in modern production.

Social Credit always places the emphasis on the human person. If it concerns itself at all with groups, with organizations, it is to remind men that groups exist for each of the individuals who compose it; that associations must, from their very nature, distribute to each member the benefits which result from the fact of their being related in an organization.

Unfortunately, the end for which organizations exist, is all too often forgotten. Not only is it forgotten, but the very purpose of organizations is distorted and changed, so that the

individual comes to exist for the organization, is subordinate to the organization; the Socialist ideology takes over, bureaucracy reigns supreme; State supremacy is preached and the State comes to the point where it desires and legislates to the end that every detail of the individual's life — even the most intimate and personal details — come to be organized by the State. In reality, it is each individual, each family, that is best equipped to decide what is best for him or it, and to decide what he or it wants from the production system. And it is the purchasing power possessed by each individual that permits, in the measure that he possesses this purchasing power, each individual to dictate to the production system what he wants. And so production finds its true direction — the direction which will lead to the fulfillment of the needs of the individual.

It is the economic security of the individual that will bring about the economic security of all. This is quite different from the overall security of the whole, sometimes called general prosperity, which we have preached at us. This type of security takes no heed of the individual's economic security, even when the State produces plans and measures of regimentation which go under the name of “social security”.

Let us end this article with other quotations of Douglas, taken from an address he delivered in Newcastle-upon-Tyne, on March 9, 1937:

“The first step towards the security of the individual is to insist upon the security of the individual. I hope that is not too difficult

to understand. If you place the security of any institution before the security of the individual, you may prolong the life of that institution, but you will certainly shorten the lives of a great many individuals. Institutions are means to an end, and I do not think it is too much to say that the elevations of means into ends, of institutions above humanity, constitutes an unforgivable sin, in the pragmatic sense that it brings upon itself the most tremendous penalties that life contains... “At the root of the growing danger of Governments and other embodiments of execution is the idea that human beings are all alike. So far from this being the case, I believe that as human beings develop they become increasingly different. But they have common factors, and those common factors are the only part of the human make-up which can be dealt with by a democratic system, and ought to be dealt with by a democratic system.

“We all require food, clothing and shelter; and we can combine, and ought to combine, to get those necessities as a condition for our further acquiescence to combining for any other agreed purpose.

“The primary use of a Government in a sane world would be to make it certain that the greatest common measure of the will of the population, from whom it derives — or ought to derive — its authority, is enough money for decent sustenance.”

Major Douglas was a past master not only in the field of economics but in that of sociology as well. And he was a master as well in the field of politics, and knew to remind people that they should demand results from their government and not lose sight of the end because of arguing over means.

Louis Even. This piece is taken from the January/February issue of the *MICHAEL* journal. www.michaeljournal.org