

# A HERETICAL VIEW OF ECONOMIC GROWTH AND INCOME DISTRIBUTION

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## INTRODUCTION

The Douglas/New Age Social Credit economics popular throughout the English-speaking world in the inter-war years is consistent with many of the tenets of both institutionalist and feminist economics. Deriving from the work of Major C.H. Douglas and A.R. Orage (the guild socialist editor of the influential journal *New Age*) Social Credit explicitly considered the needs of women in both the formal and informal economies. In the Social Credit Movement attention to the economic status of women led directly to the advocacy of policies designed to liberate women from economic dependence on men. Not surprisingly, both the economic analyses and policy prescriptions of this school were anathema to virtually all other established social movements, Conservative, Liberal, and Radical. For in the perspective of the dominant political organizations, as in science more generally, "the idea of heresy and the independence of women were inextricably linked" (Noble 1992: 46).

The most influential schools of economics in the early part of this century were masculine in approach and deaf to the policy issues advocated by first wave feminists (Pujol 1992). In orthodox economic theory, for example, the only recognized actor is "the self-centered and self-interested utility maximizer" or Rational Economic Man (Lutz and Lux 1988: 97— 100). *Homoeconomus* is reared in the Cartesian nursery and matures in ontological suspended animation divorced from his social and natural environment (Hodgson 1992). Meanwhile, radical economic theory deriving from Marx posits the "belief that exploitation constitutes an inherent element of capitalist/worker relations" (Burkitt 1984: 3). Here the legitimate actor is the worker with the right and duty to engage in paid employment in order to feed his family. Each school pays attention to social institutions and gender roles only in so far as these are related either to paid employment in the material mode of production or to the choices made by individual agents in markets. (35) But for institutionalist or evolutionary economists (Waring 1989; Waller and Jennings 1990a, 1990b; Wheelock 1990; Hodgson 1992; Ekins and Max-Neef 1992; Hodgson, Samuels and Tool 1994) as for Major C.H. Douglas, the actor is the citizen whose economic motivations are heavily influenced by roles and learned behavior deriving from non-economic influences.

The whole of society is in one sense part of the economy, in that all of its units, individual and collective, participate in the economy. Thus households, universities, hospitals, units of government, churches etc. are in the economy. But no concrete unit is purely economic. (Parsons and Smelser 1956, quoted in Ekins and Max-Neef 1992: 58)

Removing the emphasis on "productive" labor as primary justification for an income by the institutionalists opens the way to a theoretical framework which can include the forms of work traditionally undertaken by women in the informal economy. As we will see, this view was central to the policies advocated by Major Douglas.

## INSTITUTIONALISM AND SOCIAL CREDIT

Many women (and men) in the inter-war years recognized that the economics of the Douglas/New Age Social Credit Movement held the potential to improve the socio-economic status of women. Douglas is frequently classed as a heretical economist (King 1988), a member of the group who "operate outside and cut across the paradigm which guides orthodox analysis" (Dutton and King 1986) and have never "held an academic appointment in economics" (Gaitskell 1933)<sup>1</sup>. An engineer by profession, he had no pretensions to political

power or academic recognition. His writings most closely accord with the American Institutionalist School. Veblen, an early proponent of that school, is frequently quoted by Douglas. Veblen rejected the "natural rights" approach to private property, i.e. the claim that the ownership of "productive" labor or "productive" capital gave a legitimate claim to its possession and to the ensuing flow of income deriving from it.

This natural rights theory of property makes the creative effort of an isolated, self-sufficing individual the basis of ownership vested in him. In doing so it overlooks the fact that there is no isolated, self-sufficing individual . . . . Production takes place only in society — only through the co-operation of an industrial community. This industrial community may be large or small. . . but it always comprises a group large enough to contain and transmit the traditions, tools, technical knowledge, and usages without which there can be no industrial organization and no economic relation of individuals to one another or to their (36) environment. . . . There can be no production without technical knowledge; hence no accumulation and no wealth to be owned, in severally or otherwise. And there is no technical knowledge apart from an industrial community. Since there is no individual production and no individual productivity, the natural rights preconception . . . reduces itself to absurdity, even under the logic of its own assumptions.

(Veblen, quoted in Hunt 1979: 307-8)<sup>2</sup>

In similar vein, although without such stylistic clarity, Douglas argued that "production is 95 per cent a matter of tools and process, which tools and process form the cultural inheritance of the community" (Douglas 1919b: 95). This "cultural heritage" encompasses the whole process of "the progress of industrial arts" (a quote from Veblen used by Douglas) and "is the legacy of countless numbers of men and women, many of whose names are forgotten and the majority of whom are dead." The "proper legatees" are "the general community, as a whole." "No one person can be said to have a monopoly share . . . by any qualification of land, labor or capital" (Douglas 1919b: 49-50)<sup>3</sup>.

Douglas and Veblen shared the view that the citizen was the sovereign actor. The economy could and should be consciously controlled by citizens within the non-economic context of the needs and values of society as a whole. In contrast, they saw the competitive motivation behind capitalist decision-making as predatory and parasitic. Competition of itself produced nothing but merely drew upon the technological innovations which created commodities. Invention was the product of the free play of "idle curiosity" and its development and use depended upon cooperative endeavor. Both rejected the prevailing orthodoxy that greed and the necessity to earn a subsistence living were essential prerequisites for cooperation in the economy. Freed from dependence on an income arising out of predation or paid employment, the engineer, the inventor, the artist and the citizen would be no less committed to participation in communal endeavor. Routine and unpleasant tasks could be inventively transformed through technology. The endurance of employment as a necessary evil arose, in Veblen's view, from acceptance of the ruling class ideology of patriotism, militarism and imperialism and from the treadmill of emulative consumption (consumerism) (Veblen 1899).

More recently Hodgson (1988: 249) has argued that "there are material preconditions for the existence of the economic agent that are subsumed or neglected in the orthodox approach." The utilitarian analysis is based on the untenable assumption that the opportunity to "choose, act, imagine, conjecture and be entrepreneurial is available to all: there are simply individual differences in ability, situation and knowledge." In reality, the necessity to meet basic needs on a hand-to-mouth basis radically limits the choices available to socio-economic actors in general and women in particular. (37) Before economic actors can choose and act, they must be fed, clothed, rested and healthy. The material preconditions for the existence of the economic agent are assumed and therefore discounted as relevant influences upon choice by economic orthodoxy. Like artists and engineers—indeed, as artists and engineers—women perform services which are essential to the continuation of society but which the formal economy does not directly recognize or reward. Douglas' heretical National Dividend proposals sought to create an equal base from which all citizens could communicate their wishes to the marketplace. These proposals were highly significant for women.

## SOCIAL CREDIT AND WOMEN: THE HISTORICAL CONTEXT

The Social Credit Movement offered "every woman a birthright income— i.e. the National Dividend on the productive capacity of the community to ensure economic independence and freedom." The arguments offered in support of such liberating policies echo the demands of many contemporary feminists. Like many advocates for women today, the Social Credit movement believed that women ought not to be:

- 1 Tied to the home when she wishes to live her own life;
- 2 Treated as a drudge, or as an inferior — i.e. the 'chattel' status;
- 3 Driven to marry for the sake of economic security;
- 4 Bound to some man who ill-treats her, or is in some other way unsuitable as a person to live with;
- 5 Driven to wage-work slavery in competition with men in order to keep alive.

(Hargrave 1945: 52)

In another prescient policy position Social Credit offered women equal pay for equal work:

- 1 Because a Social Credit Government will naturally stand for fair play for all citizens without distinction;
- 2 Because employers will no longer need 'cheap labor'; and
- 3 Because each individual woman will be able to say - 'If I do this job as well as a man could do it, I shall want the same pay as a man.'  
And if the employer says, 'No,' she will be able to say: 'Very well, I refuse the job. After all, I can live on my National Dividend.' This places every woman in a very powerful position. (It will apply equally, of course, to badly-paid male workers.)'

(Hargrave 1945: 53)

The Social Credit Movement articulated a clear and unequivocal commitment to economic security for women to be achieved through the establishment (38) of equal treatment of women and men in waged employment. The difference between this position and the positions of all other economists in this period is quite stark.

Throughout the inter-war years Social Credit aroused powerful negative reactions in practically all established centers of male socio/economic power — among mainstream economists, socialists, communists, trade unionists, bankers and politicians of all parties. Dobb (1922) considered "the quack remedy of Douglasism" in the *Communist Review*, and the *New Statesman* (1922) took two long pages to explain the Fabian view that "the whole 'scheme' is moonshine, a preposterous fraud." Ramsey (1922) labelled Douglas "always obscure and often absurd" but deemed it appropriate to use the then novel tool of integral calculus to support his argument. The prestigious *Economic Journal* declaimed that "the Credit Power doctrinaires, like the Marxists, remain self-satisfied: the only matters that worry them are the obtuseness of the public, the contrariness of economists, and the 'psychology' of the bankers" (Biddulph 1932).

Marxists were angered by this and by Keynes' listing of Douglas alongside Marx in *The General Theory*. According to Keynes, Douglas was "a private perhaps, but not a major in the brave army of heretics" (Keynes 1936: 371). Hawtrey (1937) titled his chapter on Douglas "The Financial Misfit." Orage neatly summarized Labour opposition to Social Credit in the 1920s. The Webbs were, he said, "touched to their puritanic quick . . . [They would never] countenance a proposal to give every citizen a birthright income of an annual share of the communal production. [This would] make future social reforms unnecessary; and where would the Fabians be then, poor things?". In turn, G.B. Shaw "with his workhouse scheme of a universal dividend in return for a universal industrial service," was "silently contemptuous of Douglas" (Orage 1926: 404).

Had the Douglas/New Age texts lacked substance, not only the widespread support<sup>4</sup> but more particularly the frequency, length and vehemence of attacks would suggest an epidemic of irrationality. Evidence indicates the texts were closely perused by leading proponents of orthodoxy. Before launching into his "overkill" dismissal of Douglas, Ramsey cited "Mr. W.A. Orton, late of Christ's College" who "regards the Douglas-Orage analysis as the most searching

critique of the existing order which has appeared" (Ramsey 1922). Hawtrey took Keynes to task for failing to acknowledge his debt to Douglas in his analysis of company sinking funds as a potential source of deflation, and claimed his own theory of depreciation as originating from Douglas (King 1988: 151). Meade has suggested Douglas led Keynes to his theory of demand management<sup>5</sup>, and his own work on consumer credits (Meade 1936) and "Agathotopia" ("a good place to live in") (Meade 1989) is strongly reminiscent of the Douglas/New Age texts.

By the early 1930s Social Credit groups had sprung up throughout the UK. A review of advertisements in *The New Age* and *Social Credit* in 1934 (39) and 1935 reveals that groups existed in Birmingham, Cardiff, Belfast, Manchester, London, Aberdeen, Oxford, Dublin and Glasgow. Even small towns like Keighley possessed their own Social Credit presses. Popular interest and support was so extensive that Gaitskell and Durbin established their reputations as socialist economists and became household names by touring the UK refuting the heresy (Durbin 1985)<sup>6</sup>. Despite the active opposition of virtually all powerful interests, however, Social Credit flourished. Douglas was invited to tour Canada, the United States, Australia, New Zealand and South Africa, giving rise to Social Credit movements in each country, to the establishment of political parties and to the formation of a Social Credit Government in Alberta in 1935 (Macpherson 1953; Irving 1959; Finlay 1972; Finkel 1989). Edith Douglas, an engineer in her own right, accompanied her husband and took an active role in meetings of established women's groups (Douglas 1937: 57; Irving 1959: 80). In the 1935 UK general election Social Credit candidates stood in Birmingham, Bradford and Leeds, achieving an average 9 per cent of the vote (*The New Age* (1935) 21 Nov 1935).

Evidence of women's enthusiasm for and active participation in the Social Credit Movement in the UK emerges from readers' letters to its major publications, *The New Age* and *Social Credit*, and from tantalizingly obscure advertisements for meetings: "Women actively interested in social problems and the abolition of poverty should read the Women's Section of Prosperity," says a notice in the 11 October 1934 issue of *The New Age*. Women's sections were formed in Central London, Shoreditch, Battersea, Deptford, Stockton-on-Tees and Rochdale, with nuclei of members in Coventry, Sheffield, Leeds, Edmonton, Preston and Blackburn (*Social Credit* and *The New Age* 1934-5).

Specific indications of women's active involvement are presented in the Canadian *Calgary Herald* (1934). Promotion of Social Credit in Alberta was centered on Aberhart's Bible Institute. The "conversion" to Social Credit of a number of women "leaders" caused "invitations for lectures on the new economics to pour into the Institute from women's groups in every corner of the city (Edmonton)" (Irving 1959: 68). "On January 17 a mass meeting of 700 women in the Institute voted unanimously to wire a resolution to the United Farm Women of Alberta, then in convention in Edmonton, to give its support to an investigation by the Alberta government of the Douglas System" (quoted by Irving from the *Calgary Herald*).

The principal speaker on this occasion, Mrs WE. Callbeck, "claimed that since manual labor is being replaced by mechanization, work can no longer be the medium by which purchasing power may be distributed" (Irving 1959: 69). At the same meeting "Mrs WW Rogers outlined her work as women's organizer, and Aberhart (the charismatic leader of the movement in Canada) spoke briefly." Irving notes an announcement "typical of scores of others" inviting "women who are interested in economics" to a discussion (40) of "the Douglas System of social credit." "Members of the economics groups of the University Women's Club, the Business and Professional Women's Club, and the women school teachers of this city are especially invited to attend." A series of classes was organized by Rogers, while women speakers promoted Social Credit at evening meetings in outlying towns and villages (Irving 1959: 70, 244-8).

By the outbreak of World War II, however, Social Credit had failed to secure a foothold in the enduring structures of the socio/political economy. The "informal financial-political club," representing forces which have "the same world view, aspire to similar goals and take concerted steps to attain them" (George 1988: 2) operated against the implementation of Social Credit legislation in Alberta (Douglas 1937). The enthusiasm and dedication of able campaigners was spent. The Social Credit Movement which had proved a substantial threat to class-socialism (Durbin 1985) and to the career prospects of (male) Labor politicians later faced the not entirely unfounded accusation of being a movement of the far right<sup>7</sup>.

Women who studied the economics of the Social Credit Movement and campaigned for it in the inter-war years had accurately assessed its potential for improving the socio-economic status of women. Helen Corke rejected competition and "the economic philosophies of the Age of

Scarcity" in which the weakest (predominantly women) were pushed to the wall in the rush for economic growth measurable in financial terms (Corke 1934). Although not a self-identified feminist, she offered a history of the evolution of the financial machinery which showed its connection to the continued economic subordination of women. Corke advocated a National Dividend for all "payable periodically and in equal shares to every citizen without respect to age, sex or other source of income, as his or her inalienable right," as well as increased leisure (Corke 1934). This was in close accord with Storm Jameson's eloquent plea for income security and for the conversion of economic activity from dictator to a tool in the formulation of social policy (Jameson 1935). If only for its innovative framing of these issues Social Credit remains a productive subject for contemporary feminist economic analysis.

## THE DOUGLAS ANALYSIS AND ECONOMIC DEMOCRACY

Douglas argued that the technological legacy of an advanced country offered the potential to meet the needs of all, women and men. Flaws in the financial system resulted in resources lying idle, even the destruction of products, while needs went unmet.

Real (as opposed to economic) demand is the proper objective of production . . . there must first be a production of necessities sufficient to (41) meet universal requirements; and, secondly, an economic system must be devised to ensure their practically automatic and universal distribution.

(Douglas 1919b: 90-2).

When these targets have been achieved, "manufacture of articles having a more limited range of usefulness" could follow if desired. "If finance cannot meet this simple proposition then finance fails, and will have to be replaced" (Douglas 1919b: 90—2). Throughout his writings Douglas questioned the legitimacy of the power of finance to determine the structure and distribution of production.

Douglas also challenged the work ethic, i.e. the necessity to engage in paid employment primarily for the purpose of securing an income (1919b: 49-51). Wage drudgery was not ennobling. The artificial stimulation of wants through advertising, the production of "a new model by a manufacturer . . . with the object . . . of rendering the old model obsolete before it is worn out," and the mountain of clerical work necessary to maintain the financial system, in the name of producing employment from which incomes could be derived, represented (even when Douglas wrote, at the end of World War I) "a stupendous waste of effort" (Douglas 1920).

As things stood in the early decades of the twentieth century, the technical means existed to "adapt the world's natural resources to the highest requirements of humanity" using "a very small fraction of the (labour) hours available" (Douglas 1919b: 65). Improvements in technological processes offered the option of increased leisure as an alternative to the quest for a constant growth in production<sup>8</sup>. However, such an option could not become available under the existing system of financing production and distribution. Furthermore, under this system, labor-saving technology looked increasingly capable of depriving citizens of incomes by throwing them out of work.

The only winners under such circumstances were those who appropriated profit through their control of financial credit. According to Douglas and others in the Social Credit Movement the root of the problem lay in the fact that:

the existing economic system distributes goods and services through the same agency which induces goods and services, i.e. payment for work in progress . . . if production stops, distribution stops, and, as a consequence, a clear incentive exists to produce useless or superfluous articles in order that useful commodities already existing may be distributed.

(Douglas 1919b: 85)

Control of production and distribution, Douglas argued, was currently exercised by the financial system. Decisions about future production and (42) the distribution of current output amongst citizens depended upon a complex interplay of financial mechanisms focussing upon short term outcomes. None of these mechanisms were divinely ordained, and all reflected the central motivating power of competitive greed (Douglas 1919b: 82).

Central planning by the state was not the answer. Anticipating Galbraith (1967) Douglas predicted that a combination of finance, technology and the "will to power" would inevitably

create massive organizations ("pyramids of power") to direct from the top downwards the planning necessary to maintain production in this form. Whether the technostructure was in private hands or directly state controlled was irrelevant; the preferences of the citizen-consumer could be respected only through decentralization of the finance and production of each industry on a regional basis (Douglas 1919a, 1920: appendix).

## SOCIAL CREDIT

Douglas' complex remedies and his convoluted writing style led to the confusion of the terms "Social Credit" by which the movement became known and "National Dividend" which constituted the activists' main demand. "Social Credit," a complicated set of propositions, encompassed the mechanism of the Just Price (not the medieval version) through which those aspects of pricing relating to purely financial costs (as opposed to real costs of production) were eliminated. The concept of the Just Price was that it was price sufficient to allow consumer demand, rather than the requirements of creating (future) financial profits, to regulate production. Based upon the ratio of changing patterns of demand to future supply capacity, the Just Price would also remove the element of financial speculation<sup>9</sup>.

Exploration of the relationship between finance and material production is central to the Douglas texts. The initiation of production is controlled by credit issue<sup>10</sup>. According to Douglas, the faith or "credit" which provides the motive power for the economy can be divided into two categories: "financial credit" and "real credit." "Financial credit" is simply an estimate of the capacity to pay money." It is the driving force behind the creation of loan credit, and is generated by the banking system (Douglas 1922: 52—3). Douglas observed that bank loans constitute newly created money, not "old" money which has been saved (Canadian House of Commons, Canada 1923). Purchasing power is created on financial criteria. Producers of goods can borrow money if they are also potential producers of money. Hence under orthodoxy, financial viability determines choices even though needs go unmet while resources lie idle.

"Real credit" in contrast "is a measure of the effective reserve of energy belonging to the community. The banking system has been allowed to (43) become the administrator of this credit and its financial derivatives with the result that the creative energy of mankind has been subjected to fetters which have no relation whatever to the real demands of existence" (Douglas 1919b: 118).

Douglas argued that potential wealth in society (i.e. real credit) is communal in origin and should therefore belong to the entire community. Under orthodoxy financial credit is administered by the banking system "primarily for the purpose of private profit, whereas it is most definitely communal property" (Douglas 1919b: 118) or "social credit." Hence orthodox finance directs attention to short-run profitability and severs the connection between social needs and social production.

The capitalist financial system facilitates production and distribution of goods only incidentally, as an adjunct to its primary *raison d'etre*, to secure a title to a share of those goods and services (the "real credit" of the community) through the agency of interest payments. Credit issued in the present period enables a producer to prepare for future production by purchasing goods and services. The producer must sell goods in the future period at a sufficiently high price to cover not only the original credit issued but also the interest payments on the debt. Since the credit issued to the producer has already been spent (on goods produced in a preceding period), fresh credit must now be issued to this producer (or some other producer) in order that the new goods can be purchased on the market. If interest payments are to be met, a greater volume of credit must be issued at an increasing rate. The recurring cycles of debt creation and repayment with interest require a constant growth in the overall economy if it is to function effectively<sup>11</sup>.

In view of the trade cycle problems of the inter-war years, Douglas was assumed to be proposing solutions to those problems. This was not the case. *Economic Democracy*, published in 1919, before the post-war depression set in, contains all the analysis which later appealed to social creditors. Economic growth requires a constant expansion not only of production but more particularly of consumption, where "consumption" is defined as "purchase on the market with the use of money." Eating of food grown in an allotment meets a basic need, but is not "consumption." To sustain growth, capitalist finance looks with particular favor on three types of enterprise:

- 1 Production of goods which need to be continually replaced due to planned obsolescence or changes in fashion stimulated by advertising and salesmanship, most notably armaments and motor cars.
- 2 Deliberately wasteful production, including disposable packaging and throw-away clothing.
- 3 The creation of new "wants" and artificial scarcities, including convenience foods, travel, and the patenting of human, plant and animal life forms.

(Douglas 1918, 1919b; Mishan 1967; Shiva 1993) (44)

Shortages of money do not necessarily imply any shortage of resources, whether land, labor or capital. For Douglas the relevant question was not "Where is the money to come from?," it was rather "What is money?"<sup>12</sup>.

### **FROM NATIONAL DEBT THROUGH NATIONAL ASSET TO NATIONAL DIVIDEND**

Douglas observed that at the outset of World War I the money with which to fight did not exist<sup>13</sup>. The government faced two options:

- 1 To create the paper money necessary to purchase ammunition and supplies, and to meet the soldiers' wages.
- 2 To create money on paper via the existing financial system based on the creation of "credit."

The government selected the latter option. Therefore, through a complicated series of paper transactions, "loans" were secured from individuals and institutions to finance the war. These "loans" did not represent any consumption foregone. Nevertheless, by the end of the war the National Debt had risen from about £660m in August 1914 to about £7,700m in December 1919 (Douglas 1924: 135). This loan, which held a claim to interest at 4—6 per cent from the public purse, "simply represents communal credit transferred to private account" (Douglas 1919b: 119-24).

The phenomenon was significant on two counts. First, it established the principle of payment of an unearned income from the state, unrelated to work record or to any other tangible contribution to the formal economy. This principle had already been established by the payment of Old Age Pensions from 1908, being "in effect nothing other than a system of National or Communal Dividends, in that the right to receive an Old Age Pension is based on membership of the Community alone, and not on work done or services rendered" (Hattersley 1922: 103). Second, the unearned income from the National Debt was drawn against the future production of society as a whole. It followed that there could be no logical objection to the principle of paying a National Dividend to all citizens regardless of age, sex or employment status on the basis of the "real" or "social" credit built up in the past and arising from the common cultural heritage.

Such payments would involve the conversion of the National Debt to a National Asset. The state should lend rather than borrow, and use the interest earned on its loans to pay the National Dividend (House of Commons, Canada 1923; Douglas 1919b: 119-33). Meade's "Topsy-Turvy Nationalisation" is based on precisely the same premise (Meade 1989)<sup>14</sup>. (45)

### **CONCLUSIONS AND CURRENT CONSIDERATIONS**

Women social creditors of the inter-war years are the forgotten pioneers of a concept of economic citizenship which has a positive role for both women and men. The social credit concept of an income distribution system based purely on the common cultural inheritance offers women equality with men in determining the terms of their consent for participation in the public and private spheres of economic activity (Pateman 1989: 9). Indeed, the flaws in the contemporary quest for gender equality through an economic citizenship (Lister 1989) based entirely on ability to earn a wage (Pateman 1988) were anticipated by the Social Credit Movement. As O'Duffy (1932) and Munson (1934) demonstrated, equal rights access to waged employment by no means guarantees that employment will be made available. In many ways the "civil right" (Twine 1992) to an income for all citizens encompassed by the National Dividend proposals of the inter-war years was more soundly based than the elusive "civil opportunity"

(Twine 1992) to earn an equal wage (with its accompanying pension and insurance coverage). Equality of opportunity in earning power between men and women would seem to require a revolution in economic theory and practice of far more radical proportions than those proposed by social creditors.

A basic or "Citizen's" Income based purely on the redistribution of the incomes of those in work (Parker 1989, 1993) would also require a seachange in political attitudes, however cogently arguments in favor were presented. While a partial income from a National Dividend might be supported by a partial income from transfer payments as Meade (1989) suggests, a Citizen's Income of subsistence proportions based wholly on tax transfer would require a prohibitive income tax rate of 70 per cent (Parker 1989). A Douglas National Dividend is not divisive: it does not involve a transfer of wealth from one section of the community (e.g. those in business or employment) to another section (e.g. those who are classed as "idle"). Labor is not penalized by high rates of taxation, neither is the payment of a National Dividend dependent upon the artificial generation of wasteful consumption in the name of wealth creation and economic growth<sup>15</sup>. On the contrary, a National Dividend based upon social credit would provide the foundations for a conflict-free economy (Smith 1962) characterized by gender equality and environmental sustainability.

The "deconstruction of employment status" and "the conversion of waged work into an activity which is genuinely optional for everyone" (Purdy 1988: 219—29) would have a number of salutary effects on the economy. One might well be a diminution in the number of women forced into low status, low-paid work under poor employment conditions. At the very least women's role in supporting the economic system through unpaid and low-paid work would be made explicit. A renegotiation of the domestic (46) division of labor becomes more, not less, likely with minimal income security for each member of the household. The proposal also possesses the potential to alleviate poverty within families, which occurs when well-paid fathers/husbands refuse to share their incomes with children/wives (Bannerman and Wilson 1987). Once male claims to be occupied in securing a "family" wage hold no further justification, women's role in the creation and recreation of what Hirsch has termed the "pre-market social ethos" (Hirsch 1976), upon which the very existence of the market economy depends, will become apparent.

Money is a man-made commodity. Hence the question "where is the money to come from?" becomes redundant and policy formation must encompass the engineering of financial structures designed to prioritize social need and minimize economic conflict. Feminist approaches to economic theory and policy will be enhanced through closer scrutiny of the communal regulation of finance and the payment of a National Dividend. The range of effects of such heretical policies upon the national and international socio-economic environments should keep economists, feminists and others, fully employed for the foreseeable future.

## NOTES

- 1 See, especially, King (1988) on heretics: they "ask embarrassing questions, investigate problems which are not generally accepted as legitimate, and provide answers which rely on unusual concepts, unfamiliar reasoning and inadmissible evidence" (Dutton and King 1986).
- 2 As Veblen's writing "cannot be recaptured by paraphrasing" (Hunt 1979: 300) I use extensive quotes throughout.
- 3 Page numbers refer to most recent editions as these are more generally available (see references).
- 4 Apart from the Canadian phenomenon, documentation of popular support for Social Credit is sparse. Evidence is emerging of dynamic movements in Australia and New Zealand (Pullen and Smith 1991) and the US (Generoso 1981).
- 5 In conversation with the author.
- 6 Between them, Gaitskell and Durbin wrote extensively in refutation of Social Credit, including Gaitskell (1933) and Durbin (1933a, 1933b).
- 7 Although Douglas was an outspoken opponent of fascism, Social Credit's opposition to usury was attractive to anti-semitic elements (Finlay 1972: 176—9). Further, Ezra Pound was a well-known proponent of Social Credit and his wartime association with Italian fascism colored perceptions of the movement.



- 8 Social creditors used the term "leisure" to mean time for cultural, artistic, inventive and socially responsible activities, as distinct from mere idleness and relaxation from enforced "productive" labor.
- 9 Douglas drew attention to the discrepancy between economic theory and practice. In theory consumer preferences operated through the mechanisms of demand and price to determine supply. In reality demand was regulated through advertising and artificially generated scarcity. (47)
- 10 That is, production is debt driven. For a history of money creation mechanisms see Niggle (1990).
- 11 This aspect of the Douglas texts was drawn upon by Foster and Catchings (1925). See also Mehta (1983) for a more detailed exploration of this section of Douglas economics.
- 12 Douglas focussed attention on the financial foundations of the industrial system. As Galbraith (1975: 29) more recently noted, "The process by which banks create money is so simple the mind is repelled. Where something so important is involved, a deeper mystery seems only decent". As both observers realized, a bank loan creates a (new) deposit (and hence new spending power) without diminishing any existing deposit.
- 13 Hostilities commenced, foolishly in Douglas' view. The Major was no war monger and his outspoken opposition to militarism lost him the support of a large section of the male community.
- 14 Meade had read Douglas as a young man in the early 1920s, before embarking upon his distinguished career as an orthodox economist (conversation with the author).
- 15 For an exploration of alternative indicators of economic progress see Ekins (1986) Chapter 6. Environmentally and socially destructive activities are conventionally registered as an increase in GNP.

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