



Frances Hutchinson

**UNDERSTANDING
THE FINANCIAL
SYSTEM**

Social Credit Rediscovered

Understanding the Financial System

Social Credit Re-discovered

Frances Hutchinson



JON CARPENTER

Our books may be ordered from bookshops or (post free) from
Jon Carpenter Publishing at the address below
Credit card orders should be phoned to 01689 870437 or 01608 819117

First published in 2010 by
Jon Carpenter Publishing
Alder House, Market Street, Charlbury OX7 3PH
Tel 01608 819117

© Frances Hutchinson 2010

The right of Frances Hutchinson to be identified as author of this work
has been asserted in accordance with the Copyright, Designs and Patents
Act 1988

All rights reserved. No part of this publication may be reproduced, stored
in a retrieval system or transmitted in any form or by any means electronic,
mechanical, photocopying or otherwise without the prior permission in
writing of the publisher

ISBN 978 1 906067 09 0

Printed in England by Antony Rowe (CPI), Chippenham SN14 6LH

Contents

Acknowledgements	10
Introduction	12
The economics of happiness	13
The era of <i>Silent Spring</i>	14
The 'ecosocialism of fools'?	15
Cock-up and conspiracy	16
The threefold social order	17
Work and income	19
Chapter summary	21
Chapter 1 : The Evolution of Urban Society	23
Humans as spiritual beings	23
The evolution of 'economic man'	25
Urban settlements	26
Kings and jubilee	28
Colonisation and peasant farmers	29
Landless labour	30
Chapter 2 : The Evolution of the Corporate World Economy	33
Debt and usury	33
The development of banking	34
The House of Rothschild	35
<i>Absentee Ownership</i> and the Corporate State	39
The Henderson Cake	43
Dissent	44
A Machiavellian scheme	45
Appendix 2a Corti Dust Jackets	48
Chapter 3 : The Missing Economist	51
The financing of the First World War	51
Economics in the academy	54
The 'circular flow'	55

The A+B Theorem	56
Incomes – A payments	60
The increment of association	63
National Dividend and the common cultural inheritance	64
Real and financial credit	65
The financing of production	67
Socialism and banking	69
Free (social) credit	71
The missing link	72
‘Is there anything worth keeping in Standard Microeconomics?’	73
<i>New Age</i> or ‘No-wage labour economics’	74

Chapter 4 : Social Credit – The English Origins

76

The English working class	77
English socialism	78
The adult education movement	80
Clifford Hugh Douglas	83
Social Credit on a world scale in the 1920s	86
Social Credit on a world scale in the 1930s	89
The Social Credit movement	91
The Social Credit Secretariat	93
The literature of economic democracy	94
Social Credit and the Labour Party 1934	96
Social Credit and politics	97
Appendix 4a: Social Credit Literature	100
Appendix 4b: The Buxton Speech	110

Chapter 5 : The Run Up to 1935 in Alberta

116

The pioneers of Alberta	116
Study of monetary reform ideas	117
Alberta's resources and infrastructure	119
Social Credit in Canada	121
Reaction sets in	121
Farmers resist reaction	122
The Hungry Thirties – a first-hand account	123
William Aberhart	125
The Alberta Social Credit League	126
Clifford Hugh Douglas called	127
Preparation for the 1935 election in Alberta	127

Organised opposition	128
Democracy in Alberta	130
The 1935 election in the world context	131
Appendix 5a Poverty in Plenty: The Plight of Alberta	137

Chapter 6 : Alberta 1935+ 140

Official version of history	140
Poised for battle	141
Castle warfare	145
Democracy frustrated	148
One-way government	152
The Insurgency	152
Disallowance	155
Constitutional framework	158
Overview	158
The 1940 Alberta election	160
Did Social Credit fail?	162
Appendix 6a: Douglas on Aberhart	165
Appendix 6b: Coast to Coast	166
Appendix 6c: Curious Attitude taken by <i>The Economist</i>	172
Appendix 6d: How Alberta is Fighting Finance	174
Appendix 6e: Douglas on Constitutions	185

Chapter 7 : The Social Credit Debate 189

The debate in context	189
Paper money	191
Dividends for all	194
Social Credit and the Labour Party	197
Social Credit and the professors	199
<i>The Old and the New Economics</i>	200
'The Douglas Fallacy'	202
Appendix 7a: Reviews of <i>Economic Democracy</i>	205
Appendix 7b: Douglas Repudiates Economic Orthodoxy	209

Chapter 8 : The Discrediting of Social Credit 214

Crowther's Appendix	214
Social Science Research Council of Canada	220
'Social discredit' and 'anti-Semitism'	225
Game, set and match to mainstream orthodoxy?	227

Appendix 8a: Rockefeller Studies 230

Appendix 8b: Book covers: Hesketh (1997) and Stingel (2000) 238

Chapter 9 : Finance and the Threefold Social Order **240**

Real and financial value in the social context 240

The individual and society 242

From the soil/source/cradle to my home 243

The taming of money 245

The Threefold Commonwealth 246

Secular materialism 249

Mairet and 'The New Age' economics 251

The Macmillan Committee on Finance and Industry 1929-31 253

The way forward 254

Conclusion **256**

A century of transition 256

Institutional structures 257

The 'New Economics' of Guild Socialism 260

The meaning of the silencing of Social Credit in Alberta 260

Should he who pays the piper call the tune? 262

Scholarship versus taxonomic studies 263

A positive coherent vision for the future 264

Bibliography **207**

Index **274**

Understanding the Financial System

Understanding the Financial System

Social Credit Re-discovered

Frances Hutchinson

JON CARPENTER

Our books may be ordered from bookshops or (post free) from
Jon Carpenter Publishing at the address below
Credit card orders should be phoned to 01689 870437 or 01608 819117

First published in 2010 by
Jon Carpenter Publishing
Alder House, Market Street, Charlbury OX7 3PH
Tel 01608 819117

© Frances Hutchinson 2010

The right of Frances Hutchinson to be identified as author of this work
has been asserted in accordance with the Copyright, Designs and Patents
Act 1988

All rights reserved. No part of this publication may be reproduced, stored
in a retrieval system or transmitted in any form or by any means electronic,
mechanical, photocopying or otherwise without the prior permission in
writing of the publisher

ISBN 978 1 906067 09 0

Printed in England by Antony Rowe (CPI), Chippenham SN14 6LH

‘To despair because one cannot think that enough people will be found, even in the turmoil of today, capable of receiving such ideas, provided only sufficient energy be supplied to spreading them, this would be to believe human nature hopelessly insensible to healthy and reasonable influences.

‘Is it hopeless? This is not a question that ought to be asked at all. One should only ask what we ought to do, in order to make the exposition of these ideas as forcible as possible, so that they may awake confidence.’

Rudolf Steiner

Contents

Acknowledgements	10
Introduction	12
The economics of happiness	13
The era of <i>Silent Spring</i>	14
The 'ecosocialism of fools'?	15
Cock-up and conspiracy	16
The threefold social order	17
Work and income	19
Chapter summary	21
Chapter 1 : The Evolution of Urban Society	23
Humans as spiritual beings	23
The evolution of 'economic man'	25
Urban settlements	26
Kings and jubilee	28
Colonisation and peasant farmers	29
Landless labour	30
Chapter 2 : The Evolution of the Corporate World Economy	33
Debt and usury	33
The development of banking	34
The House of Rothschild	35
<i>Absentee Ownership</i> and the Corporate State	39
The Henderson Cake	43
Dissent	44
A Machiavellian scheme	45
Appendix 2a Corti Dust Jackets	48
Chapter 3 : The Missing Economist	51
The financing of the First World War	51
Economics in the academy	54
The 'circular flow'	55

The A+B Theorem	56
Incomes – A payments	60
The increment of association	63
National Dividend and the common cultural inheritance	64
Real and financial credit	65
The financing of production	67
Socialism and banking	69
Free (social) credit	71
The missing link	72
‘Is there anything worth keeping in Standard Microeconomics?’	73
<i>New Age</i> or ‘No-wage labour economics’	74

Chapter 4 : Social Credit – The English Origins

76

The English working class	77
English socialism	78
The adult education movement	80
Clifford Hugh Douglas	83
Social Credit on a world scale in the 1920s	86
Social Credit on a world scale in the 1930s	89
The Social Credit movement	91
The Social Credit Secretariat	93
The literature of economic democracy	94
Social Credit and the Labour Party 1934	96
Social Credit and politics	97
Appendix 4a: Social Credit Literature	100
Appendix 4b: The Buxton Speech	110

Chapter 5 : The Run Up to 1935 in Alberta

116

The pioneers of Alberta	116
Study of monetary reform ideas	117
Alberta's resources and infrastructure	119
Social Credit in Canada	121
Reaction sets in	121
Farmers resist reaction	122
The Hungry Thirties – a first-hand account	123
William Aberhart	125
The Alberta Social Credit League	126
Clifford Hugh Douglas called	127
Preparation for the 1935 election in Alberta	127

Organised opposition	128
Democracy in Alberta	130
The 1935 election in the world context	131
Appendix 5a Poverty in Plenty: The Plight of Alberta	137

Chapter 6 : Alberta 1935+ 140

Official version of history	140
Poised for battle	141
Castle warfare	145
Democracy frustrated	148
One-way government	152
The Insurgency	152
Disallowance	155
Constitutional framework	158
Overview	158
The 1940 Alberta election	160
Did Social Credit fail?	162
Appendix 6a: Douglas on Aberhart	165
Appendix 6b: Coast to Coast	166
Appendix 6c: Curious Attitude taken by <i>The Economist</i>	172
Appendix 6d: How Alberta is Fighting Finance	174
Appendix 6e: Douglas on Constitutions	185

Chapter 7 : The Social Credit Debate 189

The debate in context	189
Paper money	191
Dividends for all	194
Social Credit and the Labour Party	197
Social Credit and the professors	199
<i>The Old and the New Economics</i>	200
'The Douglas Fallacy'	202
Appendix 7a: Reviews of <i>Economic Democracy</i>	205
Appendix 7b: Douglas Repudiates Economic Orthodoxy	209

Chapter 8 : The Discrediting of Social Credit 214

Crowther's Appendix	214
Social Science Research Council of Canada	220
'Social discredit' and 'anti-Semitism'	225
Game, set and match to mainstream orthodoxy?	227

Appendix 8a: Rockefeller Studies 230

Appendix 8b: Book covers: Hesketh (1997) and Stingel (2000) 238

Chapter 9 : Finance and the Threefold Social Order **240**

Real and financial value in the social context 240

The individual and society 242

From the soil/source/cradle to my home 243

The taming of money 245

The Threefold Commonwealth 246

Secular materialism 249

Mairet and 'The New Age' economics 251

The Macmillan Committee on Finance and Industry 1929-31 253

The way forward 254

Conclusion **256**

A century of transition 256

Institutional structures 257

The 'New Economics' of Guild Socialism 260

The meaning of the silencing of Social Credit in Alberta 260

Should he who pays the piper call the tune? 262

Scholarship versus taxonomic studies 263

A positive coherent vision for the future 264

Bibliography **207**

Index **274**

Acknowledgements

Without the work of countless thousands of authors whose writings were published throughout the twentieth century and during the first decade of the twenty-first century, *Understanding Finance* could never have been written. In particular, I owe a great debt of gratitude to all the authors referenced in the Bibliography, whether I agree with them or not. Each and every one has raised fascinating questions which demand answers if, in the twenty-first century, humanity is not to continue to pursue twentieth century policies leading to wars, poverty and social disintegration. I acknowledge even those who have, for whatever reasons, sought to sustain the sabotage attacks on Social Credit into the present century. Without their work I would never have discovered why the books and articles I was writing on the subject of Clifford Hugh Douglas and Social Credit were studiously, rigorously and unanimously ignored by career academics and career politicians.

I started work on the present book during 2002. Over the intervening years many individuals have offered advice, encouragement or practical help on a personal level along the way. These include: David Adams, David Adshead, Lorna Arblaster, Alan and Cindy Armstrong, Sr. Margaret Atkins, Terry Boardman, Vic Bridger, Brian Burkitt, Molly Scott Cato, Tony Clay, Erlend Clouston, Rosamund Cunningham, Bill Daly

Ian Dewhirst, Kevin Donnelly, Sr. Anne Donnockley, Wain Farrants, Jackie Fearnley, Jack and Barbara Foster, Anita Gregory, Bob Harvey and the late Bet Harvey, Oliver Heydorn, Tony and Judith Hodgson, Jack Hornsby, Arthur Howie, Jesse Howie, Andrew Huddleston, Betty Hutchinson, Alan Ingham, Helen John, Margaret Jonas, Robert Klinck, Dennis Klinck, Bill Krehm, Betty Luks, Brian Leslie, Michael Luxford, Murray McGrath, Mary Mellor, Ken Palmerton, Barbara Panvel, Gerald and Bryony Partridge, Roxana Preda, Tim Rickaby, James Robertson and Alison Prichard, Clive and the late Maggie Rosher, Michael Rowbotham, Anneruth Strauss, the late Janet Swannack, Roger van Zwanenberg.

I am most grateful to Hazel Henderson for her kind permission to reprint her 'Total Productive System of an Industrial Society' (Three-Layer Cake with Icing) Diagram, and for her reading and helpful comments upon two draft chapters. Many thanks also to James Mitchell and all at the National Library