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Review of ‘*The Political Economy of Social Credit and Guild Socialism*’

by Frances Hutchinson and Brian Burkitt
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Review by Philip Conford

OBSESSION WITH ECONOMY

It is sixty years since Social Credit had any political significance in Britain. The movement could easily be dismissed as an inter-war curiosity with its associated “Green Shirts” and concern for monetary reform. Guild Socialism seems remoter still: a footnote to Labour party history, its mediaevalist nostalgia brushed aside by the progressive forces of Fabian collectivism.

Hutchinson and Burkitt stimulatingly challenge these stereotypes, arguing that the two movements provided “an early exploration of the potential for a cooperative, local, ‘steady-state’ economy in which industrial production, the arts, scientists, politics, learning and the caring professions are freed from the artificial restrictions of capitalist finance.” They look particularly at Social Credit’s socialist context, suggesting that its monetary proposals make sense only within the Guild Socialist framework which originally encouraged their development.

The key figures in the history of these movements are Major C H Douglas, engineer and monetary theorist, and A R Orage, whose journal *The New Age* provided a forum first for Guild Socialism and subsequently for Douglas. Orage had edited *The New Age* for a decade before meeting Douglas in 1918, and during that time had formulated Guild Socialist ideas with such figures as A J Penty and the economist S G Hobson. All three were Fabians who grew disillusioned with the Webbs’ utilitarian social philosophy. Their rival form of socialism drew inspiration from Ruskin and Morris and from French syndicalists. By 1920 it was challenging to dominate the Labour Party, but Orage’s decision to adopt Douglas’s economics split the movement.

Guild Socialism was concerned to abolish the commodification of labour; to encourage, through decentralization, responsibility and a sense of vocation; and to see workers as whole people, with mental, moral and spiritual faculties. Hutchinson and Burkitt deny that Guild Socialists were idealistic and impractical; on the contrary, they “had appraised the philosophies of capitalism and labourist socialism, finding both to be unsustainable in social and environmental terms.”

The authors demonstrate that Social Credit attracted considerable support during the mid-1930s. One of Douglas's most appealing ideas at a time of widespread economic insecurity was the National Dividend, "a non-work-related, non-means-tested income [for] every adult citizen", and a policy based on the belief that all have a right to share in a nation's cultural inheritance. Douglas found that beneath the Labour Party's objections to the scheme lay dislike of a guaranteed income not in some way related to employment.

Ultimately, the argument was not about issues within the science of economics, but about the very concept of an "economy" and money's role in human life. At the root of Douglas's thought was his opposition to "the obsession of wealth defined in terms of money". He belonged to the tradition which draws attention to the origins of the word "economy" in the idea of caring for resources. Eighty years ago Douglas identified "The production of armaments [as] the supreme example of wasteful production being deliberately fostered because of its financial profitability." As Hutchinson and Burkitt point out, it can be argued that war saved the 1930s economic system from complete collapse. Labour's victory in 1945 ensured the dominance of collectivist policies and Social Credit dwindled away.

"Mass unemployment, Third World poverty and world-wide environmental degradation were predicted by the Douglas/*New Age* texts," write the authors. As we reach the end of the century and find armaments manufacturing, international trade, the Protestant work ethic and the idea of "prudent finance" as powerful as ever, we can thank Hutchinson and Burkitt for directing us to a neglected source of alternative values.

Philip Conford is Visiting Research Fellow at the Rural History Centre, University of Reading. This review of the first edition of **The Political Economy of Social Credit and Guild Socialism** (published by Routledge) was written in 1998 and appeared in the September/October 1998 issue of *Resurgence*.

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