

the organizations of civil society, would none the less take an active role in giving direction to the private sector' (p.13). An important factor guiding regulation of the private sector is a recognition of the value of local production.

The final section offers some comments on the political problems associated with an effort to establish a democratic economic development strategy. At the centre of the argument is the proposition that people can take advantage of the democratic openings in society to build popular organisations. These organisations 'can increasingly involve people in having a say in the economic and social programmes that affect their lives'. The organisations and the people in them can become the agents of change. The problem of democratic development is an international problem and imperialism, in many forms, limits change. 'Thus, to

bring progress, forces pursuing democratic development must work towards a globalization of their politics' (p.14). MacEwan concedes that 'democratic economic development will certainly be difficult. Yet, *however improbable*, it is certainly possible. It is worth a try' (p.235).

This highly optimistic book is interesting and stimulating. However, it is not totally convincing that it is possible to pursue a strategy for democratic development in a world governed by the iron laws of neo-liberal economy, especially in some frameworks where only what can meet capital's requirements is possible. A final consideration is in order: MacEwan does not deal with or consider that in some societies or historical periods, democratic strategies themselves may be an integral part of capitalist development and not an antidote to or control of that form of development.

Michael Rowbotham

The Grip of Death: A Study of Modern Money, Debt Slavery and Destructive Economics

1998, Charlbury, UK and Concord, Mass: Jon Carpenter Publishing

ISBN 1-897766-40-8 £15.00

Reviewed by Wendy Olsen

Rowbotham analyses housing equity, mass production, the business cycle, the farming crisis, excessive transportation of goods, and other issues from the radical viewpoint that the monetary system forces people and firms to make 'choices' that are not in their own, or the world's, long term best interests. His analysis places forced growth (chap. 3), inadequate consumer purchasing power

(chap. 4), and the banks' power to issue debt as motive forces. All these problems, he claims, arise from the use of the fractional reserve system in which banks need only hold back a small percentage of their deposits. The net result in his view is a racing economy built upon an insecure foundation of national debt (chap. 7), personal debt and business debt.

When Rowbotham turns to the less developed countries, he sees them imitating the money-creation tricks of the West and thus chasing paper capital—which at times is elusive. He calls South Korea, Malaysia and Taiwan the ‘temporary tigers’ (chap. 12) and notes that the IMF and World Bank use the IMF’s Special Drawing Rights to impose freetrade conditions on the indebted world (chap. 9).

Each argument is put lucidly though sometimes repetitively. The style is clear yet full of hyperbole. Perhaps the most useful parts of Rowbotham’s description of the monetary system are his basic reviews of capitalist banking systems—the issuance of government bonds (pp.96-98) and the creation of money through a reserve ratio (pp.186-189). These extracts could be used for teaching purposes for the lay or non-mathematical audience and are very entertaining. Much of the rest of chapters 6-12 strike me as claims held in common with radical development economics.

Rowbotham occasionally contrasts orthodox economic theory with the radical critique. The neoclassical models which underpin, support and shape today’s monetary problems get sarcastic criticism. The author tries to achieve an ideological critique, saying for instance that ‘the economists’ explanation of inflation is riddled with ...contradictions and inconsistencies’ (p.294) and arguing that the conventional models are themselves ideological and therefore mask important realities. Here Ramsbotham makes a solid contribution. The last third of Rowbotham’s book tries to shake this flawed foundation, ‘by repeatedly questioning things widely assumed to be fair, such as money, employment and the nature of work’

(p.308). It would be unfair to judge the social credit critique purely on monetary terms since it is linked to other profound reforms of society. These include (a) *providing a basic income to each person, separate from wages and regardless of circumstances, and (b) re-organising whole industries along guild socialist lines by which the inherited stock of tools and techniques is treasured and utilised socially (publicly, through organisations) rather than privately through capitalist firms.*

Yet how is this huge ideological transformation to be achieved? Rowbotham himself points out that “trying to persuade people that, in the modern world, they should not be wholly reliant upon a wage, and that the population should be entrusted with a basic income, is as difficult as trying to establish that the current level of mortgages is absurd’ (p.317).

Rowbotham’s method appears flawed since he makes very specific proposals for a basic income based on debt-free money yet does not take up the likely consequences of this proposal. It could cause the withdrawal of labour from nurseries, child-minding and schools, leading to a child-care crisis; it could generate a high capital outflow if attempted in a single country of the fluid world monetary system; etc. Yet these dangers are perhaps counterbalanced by the benefits of the decentralised, humanistic, trust-rich economy that the guild socialists propose to build. After all, financial crises are occurring in the global scene anyway, so innovative options that could stabilise economies for the longer term deserve close attention.

In summary, Rowbotham’s book contains a radical critique and radical proposals. The proposals are flawed yet they succeed in challenging the narrow

approaches of conventional economics, which assume that growth can continue forever and which underpin financial panics rather than avoiding them. The advocates of social credit rightly link monetary reform to profound changes in the underlying class structure. Yet I was surprised to find no mention of class in this book. Rejecting orthodox marxist solutions (perhaps assuming they are all too centralized), Rowbotham goes to the extreme of assuming that 'the people' can just read a book and change their views. Ideologies are not just voluntarily chosen; workers, carers and capitalist employers each tend to develop views consistent with their location in the class-gender structure. In many people's minds, each class gets specific benefits from the current class structure and its opportunities. The unemployed people are perhaps the group most likely to be attracted to Rowbotham's solution—yet all too few of them routinely buy and read long economics books. The missing link in Rowbotham's book is a strategy for persuading anyone

to shift from their current ideas to the guild socialist or social credit ideology. Perhaps this is a matter for strategists of the organisations and parties of the left to take up.

Meanwhile for academic economists the book is a refreshing reminder of the instability of the current financial system. Unconventional economists should be looking at the formation and evolution of actual radical economic institutions (such as local exchange trading schemes and credit unions) to see who joins them and why, and how their ideology either innovates or caves in to the insane normalcy of current capitalist thought.

References:

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Noel Thompson

The Real Rights of Man: Political Economies for the Working Class 1775-1850

London, Pluto, 1998, pp. viii+168

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ISBN 0-7453-1270-5 (hbk) £45.00

Reviewed by Ben Gidley

The title of this book is taken from that of a 1793 pamphlet by Thomas Spence. The phrase is a side-swipe at the shortcomings of Tom Paine's *Rights of Man* (1791). Where Paine's

was probably the most radical version yet of the liberal demand for *civil and political* rights, the tradition that Spence helped inaugurate declared that humanity's true liberation lay in *social*