

MONEY FREE FROM USURY

SOME people seem to be a little alarmed by the phrase "consumer-credit," as if it involved some vast and dangerous experiment along untried paths.

Don't be frightened at a word. "Consumer-credit" simply means "credit which is not producer-credit."

Producer-credit consists of bank-overdrafts allowed to industry for production, or to Governments and Municipalities to carry on their work. Loans bearing interest, loans issued upon securities which will become the property of the lender if the loan is not repaid. That is producer-credit as it exists to-day. There is nothing specially Catholic or traditional about it. On the contrary, it is (or would be, if the lender were lending real money, which he isn't) precisely what was always called sinful Usury in the old days; it is a modern kind of "money" which bears upon it the guilt and stain of debt from the first moment of its existence.

Of course, this producer-credit could be and ought to be controlled in the public welfare and issued free of interest; but even so it would still provide incomes only for those at work, not for the ever-increasing army of the dispossessed unemployed and their dependents, nor for the aged and incapacitated. These would still have to be supported grudgingly out of taxation levied on the working population.

Hence the idea of introducing credits into industry from the consumption-end of the process also. We affirm the possibility of "consumer-credit," which would be nothing but ordinary sane means-of-exchange money, based upon the community's credit or power of production and put into circulation by the Ruler. As its name indicates, it would be issued direct to consumers as such, and would give them a means of setting the producers as such to work. It might be issued to all consumers (national dividend) or only to some (old age pensions, children's allowances, etc.). Another suggested form of consumer-credit is the Compensated Price *à la* Douglas; here the consumer reaps the benefit but the actual money is paid to the retail trader and serves ultimately towards the general extinguishing of Debt; at least that is what the Douglasites say, but they do not yet seem to have thought out the process in detail.

But the real point about consumer-credit is that it would be the interest-free credit of the nation itself; *not* borrowed money and *not* money raised by direct or indirect taxation of the citizens' incomes.

Theoretically, of course, there is nothing to prevent banks issuing producer-credit free of interest, and similarly there is nothing to prevent them issuing even consumer-credit if they wanted to. From their point of view it would be a sort of loan treated from the outset as a bad debt. Possibly they do this sometimes for their own purposes. The large donations which paid and equipped the Nazis, in the days when they were a private army, came from financial magnates who conceivably "created" them out of nothing; if so it could fairly be called consumer-credit. The salaries of bank-officials, if they took the form of overdrafts which had not to be repaid, would also be consumer-credit, I suppose. The big donations that the City houses give to a Mansion House Fund for an Indian famine or what not—I have often wondered if these are credit-creation; if so they would be creations of consumer-credit.

The usual economic argument against consumer-credit-issue is that it would produce "inflation" of some kind. Douglas schemes, as often expounded, do rather lie open to this charge, it seems to me; but there is no reason why consumer-credits, having done their work, should not be "cancelled" at as rapid a rate as they are issued, just as producer-credits are now. A corresponding tax on traders' turnover would probably be the simplest way. The Douglasites are now, under pressure of criticism, beginning to admit the need of such a sales-tax, at any rate in principle (see *New English Weekly*, April 18, 1935).

The moral objections to consumer-credit are also frequent. "You are going to give people money without working—but that will demoralize them." That might be an argument against a universal national dividend, but not against consumer-credit in itself, which could of course be confined to the aged and other non-workers if so desired. Personally I should be in favour of a universal dividend, and also of a universal calling up of the young for several years' service in heavy industry or mines or other civic duties that might otherwise be neglected. In that sense we might well quote St. Paul's dictum: *He that will not work, let him not eat.*

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But to say, as some Catholics do in effect, that nobody (except the rich) must have enough money except while they are actually working is plainly absurd. In all ages, men who have been lucky enough, or able enough, or cunning enough, to get hold of money have been able to live without work. The Church has always acquiesced in this. Pius XI in *Quadragesimo Anno* explicitly denies that work is the sole title to subsistence or income.

And now for the first time in history there is a possibility of all men being in great measure set free from compulsory toil. Big Business and Fascism hate the idea of ordinary men being free: they want to thrust the mass of men back into drudgery and poverty, in order to keep the favoured few in power. They invite the Church to join in this plan, but it is inconceivable that the invitation should be accepted.

At any rate, the issue is rapidly becoming clear: shall we set up employment, or work, as an aim in itself? Or shall we accept the new abundance thankfully and distribute it by means of consumer-credit? Either Consumer-credit or the Servile State—that is the choice before us.

At the same time let me insist once more that this work-question has nothing essentially to do with consumer-credit. The world is dying of Usury. Consumer-credit would simply be money set free from Usury and made available where needed.

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