

BELLOC ON SOCIAL CREDIT

MANY recognize in Mr. Hilaire Belloc not only great achievement of literary genius, with sincerity and courage, but also a realistic judgment of practical affairs which has over and over again been proved right by the logic of events. His considered verdict on the claims of Social Credit is therefore an event of some importance. It is given in an article published over Mr. Belloc's name in *G.K.'s Weekly* for June 14th.

Few men of Mr. Belloc's generation seem to be still capable of the mental application, the few hours of serious reading and critical thought, necessary to form an opinion of their own about monetary reform. Some distinguished contemporaries of his are still unable to take in (for instance) the ordinary quite undeniable facts of credit-creation; or again, they cannot hold steadily in their mind (even when they have perceived and admitted it) the fact that abundance of production has now abolished all excuse for poverty.

None of these failings can be imputed to Mr. Belloc. He realizes fully that we have entered upon a new epoch in the world's history; the long ages of scarcity, of man's desperate struggle to gain a living, are over; for good or for evil, the age of plenty has come.

Science and invention, he says, have 'made a vast increase of production possible. We have come to an era of potential abundance . . . This is even true, in a large measure, of organic raw materials . . . We could produce without difficulty far more than enough to keep every man, woman and child properly clothed, warmed, lodged and fed.'

Mr. Belloc, in spite of a slight obscurity here and there in the details of his explanation, is equally decided about the essential nature of bank-credit, which is the main form of money in use to-day. He gives an illustration of how the banking system finances production, allowing an overdraft of £10,000 to a hat-

manufacturer to help him fulfil an order, and another overdraft of £10,000 to the retailer who gives the order. 'The bank says to each of us: "Yes, at 6 per cent." Thus the wheels of industry are set going, and this great mass of hats is produced which otherwise would not have been produced . . . No real money has been lent, but the bank will obtain as tribute from us £1,200 a year until we have both repaid the "loans."'

In this way, production of goods can be increased to any extent, **but** unfortunately, as we all know, consumers who need the goods have not enough money to pay for them. So we come to the proposed remedies. How can it be arranged that every member of the community shall receive his share of the new abundance?

There are three ways, says Mr. Belloc. Communism is one way, when the means of production are owned and controlled by the officers of the community; all the citizens get their share, but they lose their freedom.

Distributism is another way; the ownership of the factory is divided **up** amongst 'the members of the community' as shareholders (a little vagueness here!—they get their share of produce, and keep their freedom too).

But there is also a third way—the **way** indicated by the New Economics; and Mr. Belloc's testimony to it (one feels) is all the more impressive because given, however generously, with a kind of natural reluctance. The particular version he chose for consideration was that known as Douglas Social Credit. It is perhaps the version least susceptible of simple explanation, and the one most heavily weighted with argument about details, for though Major Douglas himself has a flexible mind, and readily **adapts** his teaching to a changing problem, some of his followers are, so to speak, 'more Catholic than the Pope.' However, Mr. Belloc, with sure instinct, leaves all non-essentials aside, and goes straight to the practical point—consumer-credit.

'The Douglas Scheme of Credit is essentially a proposal to extend credit for consumption as well as production.'

In other words, the National Dividend. Direct financing of the consumer. We do already finance the consumer in-

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directly in all sorts of ways: old-age pensions are the best example, but there are lots of other instances such as free schooling, or public-assistance relief. Imagine these increased **and** extended and merged until every member of the community **has** a secure income sufficient for his primary needs; imagine further that all this is financed, not by levying rates and taxes on the wealthier citizens, or by borrowing credit from bankers, but by credits issued by the Government instead of the banks, and issued to the 'demand' end of the production-process instead of the 'supply' end. That is a rough description of the National Dividend.

Mr. Belloc's opinion is that from the purely economic standpoint this would work as **well** as Communism and better than Distributism. He does not mention the stock objection that men would refuse to work if their living **was** assured (being a realist, he knows how little truth there is in that), but he evidently has a misgiving about the degree of freedom possible under Social Credit, Here is his final summing-up:

'Communism, supposing the state officials to be always honest, solves the problem of consumption perfectly, but **by** destroying human dignity **and** human freedom; all men are fed but fed as slaves.

'Distributism solves the problem imperfectly and with considerable friction: all men are fed though not all equally, and **all** at *the* expense of sonic anxiety and travail. But all men are free.

'Schemes of consumption-credit solve the problem much more nearly in the fashion of Distributism than in the fashion of Communism: but these also demand a large degree of control **even** in the manufacture of produce.

'By the degree of control required we may measure how far such schemes fall short of Distributism in satisfying the spiritual needs of man.'

I cannot help thinking that the last sentence is rather hastily written. Control of the economic process (or 'planning,' as they call it nowadays) is necessary and inescapable. It is precisely the 'unlimited free competition' (as the Pope calls it) of the nineteenth century that has brought

us to such disasters. 'It is therefore very necessary,' says Pius XI,¹ that economic affairs be once more subjected to and governed by a true and effective guiding principle. This principle he finds in 'social justice and social charity,' which (he says) it is the duty of the State to protect and defend effectively.

As for Distributism, I hope we are all Distributists, but the fostering and protecting of small-ownerships is a policy which would surely necessitate continual control and State legislation at every turn, since it flies in the face of at least four of the Seven Deadly Sins.

The freedom we should look for is not so much the freedom 'to do what we like with our own' regardless of the common good—there has been too much freedom of that kind—but rather the personal and domestic freedom which is the ideal of every Englishman, and which depends on having some little income or savings or other economic foothold as a right, so that you can snap your fingers at the foreman or the landlord if necessary.

The old-age pension is always the example to come back to. Does the old-age pensioner lose anything in self-respect and independence and the other virtues dear to the Distributist? He does not. On the contrary, the old-age pensioner has a real taste of economic freedom, usually for the first time in his life. Think that over, and you will begin to see the point about the National Dividend.

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¹ *Quadragesimo Anno*, p. 41.