How to Establish Credit.

The following article appeared in, and is now first translated from, Proudhon's daily journal, "Le Représentant du Peuple," of May 11, 1848. It appeared without signature and probably was not written by Proudhon, but it is expressive of his ideas:

The Revolution has just dealt credit a terrible blow. The Provisional Government has had to treat the disease without studying the cause, and, like many another quack, it has killed the patient.

Today, whatever may be said in the optimistic proclamations of statesmen, credit no longer exists in France; it must be created anew.

Fortunately our country is not lacking in the elements of national wealth. It is only a question of turning them to account. The products of the soil and of manufactures are abundant enough: they need only to be restored to circulation.

The great motive-power of circulation is credit.

Not that credit exists only on paper, on speculation, on manipulation of the stock market. Such credit is good only to flatter dupes and provoke commercial and financial crises. We hope that we may never have to consider it again.

We speak of true credit, real credit, the credit which is based on actual transaction of commerce or exchange, which rests on an exact, certain value, determined by the consent of two or more contracting parties.

We will explain. In the first place, how does true credit operate, how is it established?

True credit exists only on condition of being supported on a security equal to the value of the credit.

In fact, any merchant or producer whatsoever delivers his merchandise, his products, only in exchange for a sum of money equal to the agreed value of this merchandise, of these products.

If the buyer cannot pay cash for the thing delivered to him, he gives, instead of money, a written promise to pay at such a place, at such a time, an amount of specie equal in value to the merchandise which he has received. This promise may be his own, or it may be another's held by him, the value of which he corroborates by adding to it his own signature. Such is the promissory note with one or more signatures; such also is the accepted draft or bill of exchange.

Most business is thus transacted. It is done on time, on credit, and the agent of the sales made by a manufacturer, a merchant, or any producer whatsoever, is represented in his hands either by a bill accepted, noted by the buyer as due at a certain date, or by a promissory note signed and endorsed by him, or by a bill of exchange drawn on him.

Well, the problem is to give these different representatives of product the power to circulate as money in the hands of producers, of merchants, and manufacturers.

This is already the mission of the banks. But they fulfill it, only as an insufficient, incomplete manner, because their security is always specie and not product; consequently, in crises, their aid, as we have seen since February 24, cannot prevent commercial disease.

This impotence of the banks is evidently due to the fact that in a political or commercial crisis metallic capital withdraws from circulation, abandons the banks, and thus cuts off the usual channels through which products are transported from place to place, from factory to factory, from market to market. In a word, the means of exchanging products no longer exists.

And yet products still exist; the land has not ceased to create raw material; the arms of workmen, the force of machinery, are still here to transform this material and fashion it to our wants; better still, the warehouses are full, and the national wealth is the same as before the crisis.

What, then, must be done to put an end to such a state of things?

Simply this: merchandise, products, social wealth, must be enabled to exchange, to pass from hand to hand, without the aid of this agent of circulation which hides, or which its possessors hold as an onerous responsibility, in short, without the aid of specie.

To this end it would not be sufficient to secure any sort of representation whatsoever of product, which is wealth, provided this representation was exact, general, and convenient for circulation.

As we have just said, it is the mission of the banks to receive from each a value which, under the name of promissory note, bill of exchange, etc., represents a product that has been delivered and accepted and must be paid for. If, in exchange for this paper which represents a particular, special value, the bank gives a paper which represents the same value, but under a general, universal title, enabling it to be exchanged for any sort of product in any market of the country, will it not thereby render the same service as if it had given specie or a billion?

Such a bank would offer as strong a guarantee as the Bank of France itself would offer it if (the Bank of France) had in its vaults a metallic reserve equal in value to the sum of its notes; for in either case each circulating note would be the real representative of a value existing in the hands of the safe, or the vaults of the Bank.

Such is the mechanism of the Bank of Exchange, which simplifies the process of circulation; it acts just as a man who has few pounds and has to buy a horse, is satisfied with receiving its value in a note, which will enable him to buy the animal.

When notes are exchanged directly for products without being obliged to pay to capital, to speculation, a premium which, by the way, is not excessive, it is only necessary to completely stop the machinery of production and distribution of social wealth.

Liberty and Property.

To the Editor of Liberty.

I can agree with much that you say in your answer to my letter in No. 234 of Liberty, but I do not think you have proved your case.

In the first place, I object to your assumption that the plan proposed by Anarchists would realize equal liberty with regard to the land. You propose the idea of "letting wealth distribute itself in a free market." I echo your praises; but I cannot see that they are anything to the point of this discussion, for you do not offer free choice.

It is a part of my liberty to use any land that I can use. When another man takes a piece of land for his own use and warns me off it, he exceeds the limit of equal liberty toward me with respect to that land. If equally valuable land were open to me, the importance of his invasion would be mainly theoretical; but when he shuts me out of a corner lot on lower Broadway, and asks me if I will pay his owner for the privilege of "using his ex- doned farm," it seems to me that I am receiving a very practical injury. It might be a sort of reason in his fa- vor if he were putting the land to better use than I could. His title rests simply on the fact that he was there first, either by accident or by right. That had better be in the past. The presence of his improvements on the land is the result of his invasion, and therefore cannot justify it.

The case of the man who receives what you call "the economic rent of strength and skill" is not parallel, for he has not gained his advantage by hindering another from using the strength and skill which were within that other's reach.

Now I say: "I am not willing to give up my rights in this land unless the holder will buy me off by paying a fair equivalent. I see no way in which I can collect this equivalent by myself, or through an organization of such force as could cross the interest of the individual. Therefore I consent that some board of authority shall assume to represent the whole people for this purpose, in order to prevent what seems to me a greater invasion on the part of a bona fide occupier, rather than to admit a compulsory tax; for I think that the latter is itself a greater invasion, and also that it would be an engine of force against the government." Each of us proposes to waive one part of equal liberty for the sake of preserving another part. The only question is on which side the maximum of liberty lies. I am not afraid of force which I might use in carrying out my principle would be "against force," and I think that, if private possession of land is responsible for as much evil as I suppose, it constitutes an emergency great enough to justify me in overruiling the opposition of those who do not agree with me.

I am not convinced by your objection that the single-tax money would be used up in paying tax-collectors' salaries. I have no wish to hinder paying them by voluntary taxation. If I were enacting a law to suit my own fancy, I would confiscate rent, and then let every one who chose draw his proper share, with no deduction for salaries or anything else. But I should expect that enough would choose to take out their shares under penalty of paying at retail prices for privileges which would be free, or below cost, to those who remained partners in the large fund. Collectors' salaries should be paid out of this large, uncov- ered fund, which would be a voluntary tax on those who chose not to take out their shares. At any rate, whether this is possible or not, if the people believe that the advantages of confiscating rent are worth the sum spent for collection, they will be willing to pay that sum voluntarily; if they do not believe so, they will not con- fiscate rent.

Of course distribution at so much per capita is a terri- bly wooden way of trying to give every man his own, and I should be glad of a better. Aside from that, I cannot see how my plan, if carried out in good faith, could disagree with the law of equal liberty. I expect you to answer that it could not be carried out in good faith.

Your editorial makes two points against the single tax. You say that the money would be hard to spend. I answer, then let us spend it better. Then you say, very soundly, that it is idle to discuss what shall be done with the confiscated rent when the question is as to the propriety of confiscating it at all. That is the point is that the single tax is authoritarian, and you favor lib- erty. I answer that you propose to use force to support the occupier of land in a plain invasion of my rights. You have sent me a strong letter. Perhaps it may be the easiest possible approach to liberty. I think not.

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ty's sociological programme are merely different names for the same thing. Is there an intelligent "Anarchist Co-opt..." admitted that there is no important difference in principle between his position and that of Bellamy's, or of Weaver and Donnelly? Is there a Nationalist who acknowledges in Anarchist Communism his own ideal and principle under another name? The book is a commentary on the most important of the various forms of Socialism, and the chief object of the author is to disprove the doctrine of the state. The only difference between the "Solidarity" and "Communist Anarchism," of course, is that the two are inconsistent in their application of the principle of equal liberty, which, as he also seems ready to admit, is the very substance of "Tuckerian Anarchism." Of course, we must admit that the "Solidarity" and "Communist Anarchism" are not consistent in their application of the principle of equal liberty. It is a progressive movement, and it will be noticed by the reader that the writer is not intended to mean for his work or those of his friends. Equal liberty, or liberty, is a means, not an end. Liberty will not give us food and dwellings; we shall still be obliged to work for these things. And this is why Anarchism, or equal liberty, does not insure a man against a loss or a privation. If he either declines to work, he will find himself destitute. Liberty will not insure men against crime and violence: some of their number may choose to commit criminal and aggressive acts, and they will therefore have to make a choice between starvation and destruction of the non-aggressive. These steps, if wisely taken, will insure the Anarchist society against crime; but meek liberty cannot. Again, it is evident that the criminals will not be insured against crimes and hangmen; for their gain means non-criminals' loss. If they are insured against punishment for crime, the non-invasive are not insured against crime and violence. Men need a condition of equal liberty that they may insure themselves against crimes and official, or non-official, by wise means; and they will have to think, work, and act (always within the limits of equal liberty), if they desire to insure themselves against starvation and prostitution. Those who elect to violate equal liberty will not and ought not to be insured against punishment. Not to interfere with them is to abolish both liberty and security.

But will there be criminals and idlers and good-for-nothings in an Anarchist society? This was the question that really troubles the "Solidarity" writer, who is greatly ignorant and superficial to distinguish between principles and the results of their application, between conditions and expectations. To answer the question is to leave the region of scientific reasoning and enter the uncertain region of prophecy and probability. My own firm impression is that men, under conditions of equal freedom, will prove themselves equal to the task of providing for their physical and moral needs, and insuring them-
the theosophists have not been struck with the idea of comparing the signal defeat of scientists and the triumphant victory of their own philosophy at a single stroke by revealing to the world an insignificant part of the high secrets of nature to which they alone have the key? Will some confirmed sceptic shake his head and wonder why the golden opportunity of compelling all scientists to join the theosophic movement in a body is neglected? Mrs. Besant explains the seeming paradox in a way that must impress people as perfectly satisfactory. “Very few persons are willing to conform to the conditions on which alone one can become a practical theosophist.” First it is necessary to be adopted as a pupil, which implies preliminary years of devotion and certain severe rules of conduct, among which are celibacy and abstention from alcohol and from eating flesh. And nobody is accepted who is not perfectly free of all human ties,—masters will not permit any one to forsake wife or children. “You see that scientific men are barred and under the ban? In their blind assurance they imagine that the other and its currents can have absolutely nothing to do with celibacy, abstention from an occasional glass of claret, etc.; and hence they scornfully decline to submit to the necessary discipline and training. Is Mrs. Besant to blame for the deplorable fact that scientists prefer to marry and eat and drink and be merry, rather than receive light and truth from the theosophists?” Of course she is materialistic and vulgar age, and men simply will not sacrifice themselves or forgo self-indulgence, even for the sake of their favourite science. May the theosophists save us! I confess, however, that one thing still puzzles me somewhat. Mrs. Besant’s own aversion to theosophy was rather sudden, if I rightly remember, and the “years of devotion” do not seem to have been insisted on in her case. Why, up to the very time of her conversion she earnestly recommended Theosophic tho’es and Maltheusian remedies and “cheeks”. Of course personally she was above suspicion; but is such encouragement of sin and indulgence in others a trivial fault? Did not the other protest against the communication of its mysteries to one who had been a determined advocate of sexual intercourse—with “cheeks” in case of necessity? Surely the thing needs explanation.

Liberty and Property.

(Continued from page 15)

As to the relief that your system might bring, I object to your “sentimental” ground for expecting rent to diminish. If I understand you, you expect the occupier of a capable ground to sell his goods below competitive prices.

The result might be that some lucky ones would get special bargains, while their neighbors must go without, or that people would stand in line before this merchant’s door till they had wasted time enough to make up the difference in price, or that he would employ extra men till the law of diminishing returns brought it’s pace up to an equality with others. In short, the system would be a single monstrosity, which will never be made a larger number, while others would be left out is the cold as much as before. In the second and third cases it would be disposed of by what is equivalent to throwing it into the fire. Neither way suits me. Of course, the result I should expect in practice would be a complex of the three in disguised forms.

STEPHEN T. HYNDON.

Let me begin my brief rejoinder by expressing my appreciation of my opponent. Once in a great while one meets an adversary who confines himself to the question at issue, resorts to no evasion, reasons himself, and is willing to listen to reason. Such a man, I am sure, is Mr. Hyndon, though I know him only by his writings. It is pleasant to debate with him, for having had to deal so continually with the Mr. Clines, the Monts, the Hudspeths, and the whole host of those who cannot think.

Mr. Hyndon’s erroneous conclusions regarding the confusion of economic rent are lucid, as I view it, to his confusion of liberties with rights; or, perhaps I might better say, to his foundation of equality of liberty upon a supposed equality of rights. I take issue with him at the very start by denying the dogma of equality of rights,—in fact, by denying rights altogether except those acquired by contract. In times past, when, though already an Epochist and knowing them as now that every man acts and always will act solely from an interest in self, I had not considered the bearing of Epochism upon the question of obligation, it was my habit to talk gleefully and loosely of the right of man to the land. It was a bad habit, and I long ago shrouded it off. Man’s only right over the land is his right over it. If his neighbor’s is mightier than he and takes the land from him, then the land is his neighbor’s, until the latter is dispossessed in turn by one mightier still. But while the danger of such dispossessions is ever, there is no society, no security, no commerce. Hence men agree upon certain conditions of land ownership, and will protect no title in the absence of the conditions fixed upon. The object of this contract is not to enable all to benefit equally from the land, but to enable each to hold securely at his own disposal the results of his efforts expended upon such portion of the earth as he may possess under the conditions agreed upon. It is principally to secure this absolute control of the results of one’s efforts that equality of liberty is instituted, not as a matter of right, but as a social convenience. I have always maintained that liberty is of greater importance than wealth,—in other words, that man derives more happiness from freedom than from luxury,—and this is true; but there is another sense in which wealth, or, rather, property, is of greater importance than liberty. Man has but little to gain from luxury unless that liberty includes the liberty to control what he produces. One of the chief purposes of equal liberty is to secure this fundamental necessity of property, land, if property is not there secured, the temptation is to abandon the régime of contract and return to the reign of the strongest.

Now the difference between the equal liberty of the Anarchists and the system which Mr. Hyndon and the Single-Taxers consider equal liberty is this: the former secures property, while the latter violates it.

The Anarchists say to the individual: “Occupancy and use is the only title to land in which we will protect you; if you attempt to lease land to another who is occupying and using, we will protect him against you; if another attempts to use land to which you lay claim, but which you are not occupying and using, we will not interfere with him; but of such land as you occupy and use you are the sole master, and we will not ourselves take from you, or allow anyone else to take from you, whatever you may get out of such land.”

The Single-Taxers, on the other hand, say to
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