

SOLUTION OF THE SOCIAL PROBLEM

WRITINGS ON FREE CREDIT 1848-1849

(Le Représentant du Peuple, April 17, 1848)

WITH THE BANK OF EXCHANGE, NO MORE FEARS!

Let us assume the case where no one in France possesses cash;

Everyone would then have to make their purchases on credit. Now, if we all gave credit to each other, and each bought according to the measure of what he sells, it would happen that no one would owe anything to anyone, or, in other words, that each would only owe what would be due to him.

By thus exchanging our products without the aid of cash, we would no longer be obliged to pay enormous interest to the usurers, the parasites who devour us. We would do without them.

How then can this idea be realized? It is simply a matter of creating an exchange bank in Paris, with branches in the departments. There, by means of the bill of exchange, the use of which would become widespread, products would become, in a way, common currency.

Each merchant would have an open account at this bank where his debts and assets would be exposed in broad daylight, in such a way that bankruptcies would be impossible, and to settle the particular position of each interested party, this would only require extremely easy general accounting.

Moreover, there is still enough and even too much cash in circulation for retail trade and payments from employers to their employees, their workers, etc.

The Bank of Exchange, as proposed by citizen Proudhon, would therefore only be necessary for trading properly speaking.

Small business would continue to operate as in the past and would only use bank paper for transactions with wholesale trade or the manufacturing industry.

We will develop the various advantages of the Exchange Bank, which we only wanted to briefly indicate today.