

# SUBSIDIARITY, DISTRIBUTISM AND SOCIAL CREDIT, OR THREE ACRES AND A COW.

BY EDWARD MINTON 27/5/2015

“Subsidiarity” is the name given to the principle that a central authority should have a subsidiary function, performing only those tasks which cannot be performed at a more local level.

Dictionary definitions of it abound, and they usually point out that no level of organisation or association should, under this principle, perform any function which a lower one is quite capable of performing.

The implications of this are that Communism and all other forms of “statism”, and that also Capitalism with its tendency toward monopoly and financial or other domination, are contrary to the correct social order.

The word itself is first thought to have appeared in German, very early in the 1800s, but only came into English (from the German *Subsidiarität* ) with the translation of the Papal Encyclical of Pius XI, *Quadragesimo Anno of 1931*.

“Distributism” on the other hand, was the name chosen by a movement of Catholic adherents to subsidiarity, which made an attempt to translate this pronounced principle into social policy. Living as we do in a physical world, a physical incarnation of the principle was envisaged.

Right at the base of all social organisation, of course, is the family. So if we could empower the family with the sanctions of its own sustenance, in the form of three acres and a cow, the centralisation of power would be somewhat neutralised. This thinking inspired Catholic Rural Movements around the world.

The best known leaders of the Distributist Movement were GK Chesterton and Hilaire Belloc. Chesterton is often credited (wrongly) with the coining of the catch phrase, “Three acres and a cow”, which he popularised, & he held that “property is proper to man”, while Belloc, perceiving that property was the basis of local independence and personal empowerment said “If we do not restore the Institution of Property we cannot escape restoring the Institution of Slavery.”

It was in the advocacy of the widespread *distribution* of property, and the encouragement of its dispersal to many, as a policy, that the Distributist Movement

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was founded and anchored. It was not arbitrary, confiscatory, or least of all revolutionary. It sought to point towards a road, an approach, a policy which would, if followed, bring a greater dividend, yield and efficiency in terms of human satisfaction.

Distributism echoed Pope Leo XIII's encyclical of 1891 *Rerum Novarum* "...private property must be held sacred and inviolable ...policy should be to induce as many as possible to become owners." Private property was not, as the socialists contended, the problem, but it was the monopoly of it which drove men down in the scale of existence. If monopoly or concentrated ownership contended with the dignity of man as a rational being requiring both freedom and security, it was most decidedly a large difficulty to be addressed.

The above named papal encyclicals *Quadragesimo Anno* and *Rerum Novarum* are among the most important and influential economic and political documents ever written. Marx's *Manifesto* has waxed and waned, but subsidiarity, which was enunciated by these encyclicals and forms part of Catholic Social Teaching will continue as part of the life of the Church, influencing both Catholics and others.

While Distributism was developing, another Movement, sprang from the same soil but it was different too, and came forward, some would say as a complement, and indeed a completion of the Distributist's vision. It sought to distribute not so much "the means of production, distribution and exchange" insofar as these could be described as property, but rather the artificial and invisible enumerated abstraction which held, has ever it had, most persons enthralled in a degree of confusion and mystification. It, unlike the Distributist Movement, concerned itself in large measure with the distribution of money.

Social Credit concerned itself with the distribution of the claims upon wealth, with money, which it saw as a type of ticket system with open ended claims upon goods and services. It was the first to bring into popular understanding that the banking system created practically all money through granting loans. The granting of these loans created deposits, and since nobody's bank deposit was reduced for the bank to lend it to another, total bank deposits (about 95% of all money) were increased by the amount of the loan. This truth is acknowledged in all textbooks on the subject now.

The Social Credit Movement was founded by C H Douglas beginning from his technical observation (it will not be discussed here) that a deficiency of purchasing power to enable the consumption of the available goods and services on offer, was a recurring phenomenon and problem. The fact that every country in the world now

increases the amount of its money in existence each year is a tacit recognition of this.

Leaving aside notes and coins which have some cost associated with their manufacture, the rest of modern money is simply a record, kept either on paper or in the form of computer “blips”, of our claims upon others (our money) and theirs upon us (their money). It is wholly costless to create, being just a record of numbers, and its ownership is concentrated and confined to the Banking System. If a person has some money, this is because another has borrowed it in the form of a bank loan and paid it into the community. If the borrower acquires sufficient money at some later time to repay the loan, then this amount of money is cancelled out of existence. In net terms, it can be truly, and most amazingly said, that, excluding currency, society has no permanent money at all.

A friend of mine pleads that Distributists will not address this awesome concentration of initiative away from the individual person, because of their intellectual shortcomings. The revelations of the above few paragraphs, while providing a shock to those unfamiliar with the subject, are by no means excessively difficult of understanding. Another friend suggests that the propensity of some fringe adherents to adopt conspiracy theory frightened Distributists, though the relevance of such speculations to any reasoned body of thought, or policy, be it Distributist, Liberal, Socialist or Social Credit, applies only to the afflicted persons one would think, and not to such policies.

Virtually all money is on temporary loan from the banks. It is only to be had by society accepting it as debt with the obligation of repaying it with increase. The only means of paying our multiple taxes is by borrowing money into existence with which to do so.

If we each had three acres and a cow, but no money and no prospect of any money except by some of us going into debt to get it, how long would it be before some of us would have to mortgage our land and sell our cow? Distributing property, whilst all claims upon that property are created centrally and carefully rationed, and have to be given back to their creators with increase, is surely folly. Is a distribution really very useful if, in the prevailing circumstances, it is inevitably and always followed by its implosion back into a central authority?

One of those who recognised this very early was the Editor of the influential intellectual English journal which supported Guild Socialism, *The New Age*. Mr A R Orage, its Editor, almost immediately upon reading Douglas's *Economic Democracy*, took his journal into social credit advocacy.

The concluding paragraphs of this work's first Chapter clearly establish Douglas's credentials as an adherent to the principle of subsidiarity. Not least to be considered is the last sentence "*Systems were made for men, and not men for systems, and the interest of man which is self-development, is above all systems, whether theological, political or economic.*" And a few paragraphs prior, "*....the primary requisite is to obtain in the readjustment of the economic and political structure such control of initiative that by its exercise every individual..... is placed in such a position of advantage, that in common with his fellows he can choose, with increasing freedom and complete independence, whether he will or will not assist in any project that may be placed before him.*"

The curious disdain for Social Credit by leading Distributists is the more mystifying because there was an acceptance that Social Credit offered a "*method of distributing property*" and the truth of Douglas's A+B theorem, from which the Social Credit Movement grew, was also acknowledged.

This is clear from Hilaire Belloc's address of 26<sup>th</sup> of May 1933, as published in *G.K.'s Weekly* of the 8<sup>th</sup> of June, 1933:

*"....Industrial Capitalism has broken down. It has broken down for a very simple arithmetical reason – it distributes less purchasing power than it creates. I am not going to speak of Major Douglas's scheme of Social Credit, because that is merely an indirect method of distributing property, which I prefer to achieve by direct means. Industrial Capitalism has broken down because it is producing an amount of wealth greater than it is distributing purchasing power for that wealth; and to put it crudely indeed, if I want to make a hundred thousand boots, or rather employ men to make those boots, by the time the boots are made I have distributed to the men who make them the money wherewith to purchase thirty thousand boots, and what am I to do with the seventy thousand boots left?"*

It is probable that Belloc took some criticism for his easy dismissal of Social Credit, for in 1936 in the Preface of *An Essay on the Restoration of Property* he writes:

*"Another point in which the reader may think me guilty of omission is the absence of any full discussion upon the new schemes of Social Credit. I have just touched on them in the last section of the essay, but only very briefly. **My reason is this:** That such schemes (notably the chief one, the Douglas Scheme) do not directly advance, nor are directly connected with the idea of property. They are only connected with the idea of income. They propose, especially the Douglas Scheme of credit, to restore purchasing power to the destitute masses of society ruined by industrial*

*capitalism. That is exactly what the good distribution of property would also do; but a credit scheme could, in theory at least, do the thing at once and universally, while the restoration of property is unlikely to be achieved, and must, however successful be a long business spread over at least a couple of generations ....The object of those who think as I do in this matter is not to restore purchasing power but to restore economic freedom. It is true that there cannot be economic freedom without purchasing power ..... but it is not true that purchasing power is equivalent to economic freedom. A manager at 1,000 pounds a year who may be sacked at the caprice of his master has plenty of purchasing power, but he has not economic freedom. I do not avoid discussion of the new credit schemes, either from ignorance of them or from underestimating their high importance, but only because they are not to my purpose.”*

Now this is surely unbecoming of an intellect of the stature of Mr Hilaire Belloc. It is only with restraint, and out of my great respect for him and the enjoyment that his many writings have brought me, that I can limit my summation of it, to that of it being fatuous nonsense. To open my remarks in the same way as did Hilaire;

**My reason is this:** I have considerable knowledge of the history of rural Queensland. I know that in the District of Queensland's third oldest town, Gayndah, in 1945 there were 700 dairy farms. Their product (which will please Distributists) was processed by their own Co-operative factory, the records of which provided these supplier numbers. (This is had from Mrs June Kenny who acted in a secretarial capacity to this co-op, and who had full access to their records.) They also usually grew some crop and had a small piggery associated with the dairy: they were mixed farming operations. Exactly a lifetime later, in 2015 not one of these farms had survived in operation. **Not one!** They are survived by larger holdings, usually with little more than a perimeter fence, where cattle wander and are periodically mustered to sell the increase, and are then released again. What was the cause of this?

These family farms were not of three acres, but averaged over three hundred acres. They had not one cow but averaged over fifty cows. They did bestow 'economic freedom' upon these farming families, which was in every case, notwithstanding effort, application and the love of their family farming vocation, in each case exercised in subsequent decades by the only freedom left open to them; their freedom to send the livestock to slaughter and sell the farm.

The District exemplified above is now a reflection of the National data on Australian farming. The average age of farmers is now over 65 years, and their average debt is over \$700,000.

The proposal for three acres and one cow now perhaps makes more sense, for if but one member of the family could have found a paying job, they might have been able to support the cow, whereas it is obvious that no amount of cows could be relied upon to support the family. And the reason?

Assets without a sufficient associated income are a liability which cannot be sustained. Acres and cows demand maintenance, incur costs and attract taxes. When the residue of income is insufficient to support your family, the Distributist's faith that property will always maintain and support its carers is a myth. But how can this be?

Under the current arrangements of Finance Capitalism all the chips in Life's Casino are issued by the Casino and are repayable with increase to the Casino. Every punter who gets ahead (has a credit balance) does so because the rest of the punters collectively are in debt over and above their amount of credits, and to this exact amount.

The only things that can pay off the punter's collective debt, are chips issued as a credit, free and gratis to our punters, but the Casino is disinclined to embrace this form of distributism. The punters don't want to think about this too much as it makes their head hurt. Their intellectuals think they could make it better by giving out land and cows, but the Casino says "Piss off, we only accept our chips in repayment for our chips which you have borrowed from us."

Since all values are designated in chips and the Casino has created all the chips that exist, and has the privilege of doing so costlessly, all things that chips can buy are owned by the Casino to the full extent that the Casino wants them. Yes, they will lend you some chips to buy cows, but only on the basis that these cows can be sold later for more chips that you borrowed, and you share this increase with the Casino.

Subsidiarity demands that what a lesser entity can do, should not be usurped by a higher one. Does this mean that higher structures should not exercise a choice where persons as individuals are capable of making that choice? Surely it does.

It is true that under the principles of subsidiarity the people could not **directly** organise, for example, the ballot papers and polling booths for a National election. But what they can do, if the votes are freely distributed to them, is exercise the choice which the ballot enables.

It is likewise true that under the principles of subsidiarity the people could not **directly** organise a money system and a banking system to administer it. But when

additional new money is created, if this money were freely distributed to them, they could use it to elect to consume items of their preference. They could order the economy to serve them as is their will, and it is this form of economic democracy, the subsidiary function of the economy to persons freely exercising their elective control over production, and through this over the economy itself, that the principle of subsidiarity can be applied to a distributive arrangement which can act to the social credit of us all.

Hilaire Belloc was right when he observed that income without a security of income is not freedom, and every true Social Crediter acknowledges this. Likewise it would be gracious of Distributists to acknowledge that property, if it be bereft of income sufficient to maintain that property and its stewards, is likewise neither security nor freedom, and is terminal to both of these aspirations.

Clifford Hugh Douglas was fully cognisant of these truths. The only Journal which he ever both founded and edited, he entitled *The Fig Tree*, and the inside of every title page carried his favourite Old Testament quotation “*And they shall sit every man under his vine and under his fig tree; and none shall make them afraid.*” Micah iv., 4. *No more succinct Distributist statement has ever been penned, and it came direct from the wellspring of both Movements.*

Douglas described his Social Credit as “*The Policy of a Philosophy*”. In this he likened a “philosophy”, and used the word, to designate a concept of reality, truth, and the ‘Canon of Rightness’. To Douglas, a Policy was a bias of action.

So a policy was to the engineering habit and approach of Douglas, a programme of endeavour, a resolve to act, and an intent to pursue a result. Policy emanates from philosophy, perhaps almost automatically, once a decision is made about what is true. All policies, whether true or false, emanate from a concept of truth and of what is held to be true, albeit from a true or a false philosophy.

Especially towards the end of his life, Douglas was explicit and unequivocal in holding trinitarian Christianity to be the philosophy, in the above sense, of his policy which he called Social Credit.

Social Credit, as best his life’s work could enunciate it, was that policy which was “of the woof and warp of the universe”, a social policy which sought efficiency in terms of human satisfaction, and was that which augurs towards the self-development of every aspect of man, physical, intellectual and spiritual, as is becoming of those made in the image of God. Or alternately, it was nothing.

Distributists and Social Crediters are soul brothers, each looking through their respective port holes towards the incarnation of the canon of rightness, seeing each a different aspect or aspects of the one true whole of the canvas which was painted bold for the triumph of the human spirit, that it may be as we are assured “I am come that they may have life, and that they may have it more abundantly” (John 10:10) and this both Movements surely hold to be true both transcendentally, and in the other sense for which we pray, that we may be given “this day our daily bread”.

For is it to be endured otherwise than that “...they shall sit every man under his vine ...”?



GK Chesterton's self-portrait.