

GOVERNMENT LOANS ON REAL ESTATE.

S P E E C H

OF

HON. LELAND STANFORD,

OF CALIFORNIA,

IN THE

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SPEECH

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In the United States Senate, on Thursday, January 21, 1892, Senator STANFORD, of California, called up the Bill, S. 1204, "A Bill to provide the Government with means sufficient to supply the national want of a sound circulating medium," and addressed the Senate on the same as follows:

Mr. STANFORD. In pursuance of the notice heretofore given by me, I desire to call up Senate bill 1204.

The VICE-PRESIDENT. The title of the bill will be stated.

The CHIEF CLERK. A bill (S. 1204) to provide the Government with means sufficient to supply the national want of a sound circulating medium.

The VICE-PRESIDENT. The question is upon the reference of the bill to the Committee on Finance, on which the Senator from California has the floor.

Mr. STANFORD. Mr. President, the bill which I have introduced to provide the Government with means sufficient to supply the national want of a sound circulating medium is the same as that introduced by me at the last session of Congress, and which was adversely reported by the Committee on Finance. The report does not seem to me to show evidence of careful consideration of the principles and truths that underlie the bill, no matter what its details may be. It appears to be rather the result of a

HASTY AND SUPERFICIAL COMPARISON,

based upon a supposed similitude between this bill and measures adopted by other nations to supply the money necessary for business transactions. A careful investigation of the schemes of foreign governments, referred to by the committee, reveals the fact that they were all different in principle, and the issue of money which they provided for was based upon insufficient security.

The bill under consideration provides for the direct issue of money upon a material practically unlimited in quantity, its value based upon a standard of measurement (which may be so many grains of gold, or silver, or any convenient commodity), and the good faith and credit of

a civilized nation of 65,000,000 people with a per capita power of production unequalled by any other country in the world. A comparison between this country of ours to-day and France under Louis XV, or France in 1792 when she was fighting united Europe, or between us now and the colonists struggling for independence, or between this country and the Argentine Republic, seems to me absurd. Yet the committee's chief arguments are based upon such comparisons. As well might the credit of a solvent and well-established firm of excellent character and undoubted wealth be compared with that of some profligate individual of limited means.

In its endeavors to establish a similarity between the bill now under consideration and the financial schemes of John Law, the committee quotes as follows from Law's writings:

If a paper currency, not convertible into specie, be based or secured upon any article of value, such as land, and be issued to an extent not greater than the value in specie of such article, such paper currency shall not be depreciated in comparison to specie.

John Law's theory was one thing, his practice another; but when he wrote as above quoted he did not provide a basis for

THE ISSUE OF MONEY

that in any manner can compare with the basis provided for under the terms of this bill, viz, the good faith and responsibility of an enlightened Government supported by 65,000,000 of intelligent, producing people, added to a real-estate security of double the amount of money loaned. The committee in its allusion to Law's Mississippi scheme does not fully describe that stupendous bubble. It states that an immense amount of paper was issued, but omits to mention the security upon which the issue was made. This security was stock in the Mississippi Trading Company—a company that was to acquire vast tracts of land in the Mississippi Valley, trade with the Indians, and work supposed gold, silver, and copper mines, mines that had no existence. All this was in 1717, before the Indian titles were extinguished, before Daniel Boone had gone into Kentucky. It is the comparison of a shadow to a substance.

The committee further points out as an awful example the fate of the assignats or notes issued during the French Revolution. These notes were based upon the confiscated property of the clergy and nobility, who had very generally fled the country. The Republic was at that time at war with practically the whole of Europe, and distracted by internal dissensions, a large portion of its people favored the re-establishment of the monarchy, which would mean the return of the despoiled clergy and nobles, the restoration of their property and the consequent destruction of the security on which the assignats were based. Under these circumstances is it a wonder that the assignats were not in commercial favor? Yet poor and uncertain as these assignats were, it was largely through their means that the Government of the Republic was able to face its enemies and successfully maintain itself against combined Europe. France produced neither gold nor silver; she was surrounded with enemies by land and sea, and but for her paper money must have succumbed.

NO SIMILARITY.

The Argentine Republic issue of cédulas is another scheme to which the committee compares this bill. The two propositions are radically dissimilar. The great object which the bill now under consideration seeks to attain is the increase of money in circulation. The Argentine cédulas provided for no increase of money. In this bill it is proposed that the Government receive two per cent. in interest on the money it issues directly; in the Argentine the Government guaranteed interest on the bonds issued by the bank in return for the mortgage on the lands. Moreover, the Argentine lands were not assessed at their value prior to the passage of the cédula enactment, but on a fresh assessment made after its enactment. The consequence was fraud. I have been informed that upon a farm worth \$7,500 there was loaned \$250,000. Nevertheless, the prosperity of the Argentine Republic within the last ten years has been unexampled, while its troubles certainly can not be traced solely to its schemes of land loans.

The committee has also alluded to the

CONTINENTAL MONEY OF OUR FATHERS,

issued during a revolution and at a time when our independence was far from being assured, the report of the committee to the contrary notwithstanding. As early as 1780 Lord Howe wrote to his Government that fictitious paper had been circulated by the British to such an extent as to render worthless the Continental money. I will here quote briefly from an able article on metallic money by James D. Holden:

The paper currency issued during the Revolutionary war by the Continental Congress, also that issued by the Confederate States during the rebellion, both of which depreciated to such an extent that they became valueless, are frequently alluded to by advocates of the specie-basis system for the purpose of showing the superiority of metallic over paper money. Such references, although unjustly so, have proven a most effective weapon in the hands of those who are so greatly benefited by a continuance of the present financial policy of the Government. Unjustly so for the reason that there is no analogy whatever between full legal-tender paper money and the issues referred to. Neither of these issues were money nor did they purport to be. They were promises to pay gold coin made by a people impoverished in a struggle to establish that which alone possesses the sovereign power to create and issue money, a reasonable government.

Not long ago I saw a statement that the assessable value of the property of Massachusetts at the time of the Revolutionary war, when it included the State of Maine, was \$11,000,000, and the entire assessed value of the thirteen colonies was about \$600,000,000. In these days our country has increased its property value, from 1880 to 1890, twenty thousand millions, or two thousand millions a year net.

A comparison between a financial proposition of the weak, struggling colonists and that of our country to-day does not seem to me to be legitimate. But in the former case the Government

DID NOT LOAN ITS MONEY

and had no security, whereas in the plan now before us the Government loans its money and takes approved security for every legal dollar

issued, while the bill-holder is protected by the legal-tender quality of the money, and should it depreciate in value it can be used to pay off the mortgage indebtedness, release the property, and be retired at par. Thus it is not possible for the Government or the individual to suffer loss.

As regards the more recent issue of paper money in this country I will again quote Mr. Holden, who says :

The authority for the issue of Confederate currency was simply an unsuccessful attempt to establish a government. As regards the Continental currency, in the light of the successful issue of the conflict, it may with safety be said that had the issue been full legal-tender paper money, instead of unnecessary and futile promises to pay gold coin, there would have been no depreciation in the issue whatever. That this view is not an unreasonable one is illustrated by the difference in value during the rebellion of the two different paper issues of the Federal Government, one of which, the "demand notes," issued to the amount of \$60,000,000, remaining at par with coin during the darkest days of the struggle, notwithstanding the fact that the other issue, known as "greenbacks," depreciated in value as compared with coin or the demand notes. The demand notes remained at par because they performed all the legal functions of gold coin. The greenbacks depreciated in value because they did not.

It is claimed by specie-basis advocates that the depreciation of the greenbacks was due to an impaired credit of the Government. This, however, cannot be true, for the reason that an impaired Government-credit would have affected all its paper issues alike. The other claim that the demand notes remained at par, because they were "payable in coin on demand," is not tenable, for the reason that the Government suspended specie payment January 1, 1862, and did not resume until January 1, 1879.

In its report the committee, by its able chairman, expressed alarm lest a low rate of interest might inspire improvident habits. If this theory be true, then by all means let us raise the rates of interest all over the country, for we most certainly want our people to be as provident as it is possible to be. But perhaps the committee considers that we have reached that happy medium of supplying the borrower with money without inspiring him with improvident, extravagant, or speculative habits. The suggestion that a low rate of interest can be prejudicial to the borrower seems to me a most singular one, especially when we consider that money, except in its use, is of no more value than any other tool. I suspect that it would be difficult to convince the borrower that he could be injured by a low rate of interest. The greatest stimulus of production is the ability to make exchange of surplus products; without this ability the stimulus to industry would be lost, civilization would cease, and abject poverty would become the rule. The report further says :

The circulating value of a paper currency can only be maintained by its convertibility into specie at the will of the holder.

Here I take issue.

THE REAL VALUE OF MONEY

lies in its ability to pay debts, equalize balances, and facilitate the exchange of commodities, and that is the best money which will do this directly, and not by first converting it into another kind of money of an unequal quantity, and then using that money in the settlement of obligations.

The assertion of the committee in this case can not be explained, except by supposing that money depends for its value upon something besides its legal-tender quality. The great thinkers, from Aristotle to Mill, the committee excepted, all agree that money does not depend upon the material for its value, but upon its legal-tender qualities. Aristotle said:

Money exists not by nature, but by law.

In 1837 Henry Clay said in these halls:

Whatever the Government agrees to receive in payment of the public dues is money, no matter what its form may be; Treasury notes, drafts, etc. Such bills or paper, issued under the authority of the United States, are money.

Daniel Webster said:

When all our paper money is made payable in specie on demand, it will prove the most certain means that can be used to fertilize the rich man's field by the sweat of the poor man's brow.

Benjamin Franklin said:

Gold and silver are not intrinsically of equal value with iron. No methods have been hitherto formed to establish a medium of trade equal in all its advantages to bills of credit made a legal tender.

The theory of the intrinsic value of money has been abandoned by the best writers and speakers.—*Encyclopedia Britannica*.

Metallic money, while acting as coin, is identical with paper money in respect to being destitute of intrinsic value.—*North British Review*.

An article is determined to be money by reason of the performance by it of certain functions, without regard to its form or substance.—*Appleton's American Encyclopedia*.

Falling prices and misery and destruction are inseparable companions. The disasters of the dark ages were caused by decreasing money and falling prices. With the increase of money, labor and industry gain new life.—*David Hume*.

There is no more insignificant thing intrinsically in the economy of society than money.—*John Stuart Mill*.

That the intelligent and able members of this committee should take the position they do in regard to intrinsic values only shows how, without proper investigation, the ablest men may be deceived by popular fallacies.

The committee is also in error when it assumes that this bill can not be made available to any other class than the farmers. It is, on the contrary, intended for the benefit of *all* classes, but the farmer necessarily becomes the instrument by which the money is issued, because he possesses the best security upon which the Government can loan. The farmer will, in its use, put the money in circulation. In the abundance of money thus created the mechanic, the laborer, the merchant, and the manufacturer will obtain all they need for the transaction of their various callings.

That more money is necessary to carry on the business of the country is conceded, I believe, by every intelligent person; therefore to confine ourselves to coining gold and silver, materials limited in quantity, owned by a few individuals, and over which the Government has no control, is to fail to meet the nation's wants.

Our business is carried on

MOSTLY UPON CREDIT,

and the only way to protect credit is to have a sufficiency of money, in order that when the demand for money is made it can be obtained, on good security. It has been stated, and I presume on good authority, that the shrinkage in values in this country by the disturbance of credit in consequence of the failure of the Barings was equal to \$2,600,000,000, and as our business increases, the more necessary it becomes that we should have money enough for the protection of our credit. Just contemplate the magnitude of a business which in ten years has increased the wealth of the country nearly twenty thousand millions.

The value of property is in its force. To illustrate this I venture to quote from a speech I made in this Chamber in 1890, because it seems to perfect the argument to-day more than anything else that I could say :

The power of money is only to be measured by the extent to which it is used ; to the extent of the credit given on property the value becomes energized, as illustrated in the case of the 90 per cent. of currency advanced by the Government on its own bonds. One hundred thousand dollars in United States bonds are worth to the owner in his vault, and to the owner only, say, \$4,000 per annum, the interest they bear, but when the owner receives the 90 per cent. of the money in legal tender the latent force is energized and the \$90,000 in its activity may create in a single year a value equal to the entire amount advanced. The same energy can be imparted to the latent value of land by a loan, as in the case of a loan upon bonds.

Money is only valuable in its activities, and to the extent that it is in activity there will be production and corresponding benefits to the laboring classes, who, after all, are the great multitude of our people, and as such they involve the greatest economic considerations. To illustrate how far the activities may determine the values, suppose a man borrows \$100 for one year at 6 per cent. and employs one hundred men to work for him at a dollar a day. With this sum of \$100 he is able to employ them for one day. If he can convert the product of their labor into cash at the close of the day he can employ them the next day, and so on for every work-day in the year. The \$6 interest on the money in the presence of such activities becomes inconsequent.

When money is controlled by a few it gives that few an undue power and control over labor and the resources of the country. Labor will have its best return when the laborer can control its disposal ; with

AN ABUNDANCE OF MONEY,

and through coöperation, this end will be practically attained.

Money, the indispensable tool in the transaction of business and the industries of the country generally, should not be allowed to pass into the hands of a few, for it commands the entire labor of the country. It stimulates labor and employs it, from the construction of the simplest implement up to the steam engine, where a man puts his hand to a lever and becomes equal in power to a thousand men. This power for good is only limited by the amount of labor it can command. Where it exists in sufficient quantities there can be no laborer unemployed excepting from choice. It also provides the means by which labor can organize in the prosecution of every calling and assures to the laborer the full fruits of his industry.

To illustrate this, let us suppose that a mechanic in a coöperative association earns \$3 a day. He leaves \$1 in the association and takes \$2 for the support of his family. The daily dollar left with the association is equal to the interest on a capital of \$5,000 at 6 per cent., and ought, if there is money enough in the country, to command the credit necessary to prosecute the calling of the association. Therefore each man in the association is equal to a capital of \$5,000.

With money so plentiful that it

CAN NOT BE MONOPOLIZED,

men can combine their productive capacities and command the money necessary to carry on their business to any extent.

Wealth is the product of labor, and is only valuable in its uses. Legislation has been and is still directed towards the protection of wealth, rather than towards the far more important interests of labor on which everything of value to mankind depends. This bill has for its ultimate aim the benefit and assistance to the great producing sources of all prosperity. When money is restricted in quantity, it necessarily gives to a few a control of production. Labor must not be denied its tools; on the contrary, it must be supplied with them, for its value depends upon its power of production, and by this power it will always be measured.

It does not seem to me that there can be any reasonable question of the power of the Government to issue paper money and loan it, when the fact is considered that it issues and loans its paper money now, and that such action has been sustained by the Supreme Court of the United States. The Government now loans paper money upon its own indebtedness for the purpose of supplying, in part, the national want of a sound circulating medium. In order to supply this want the Government pays interest of 4 per cent. upon its bonds, whereas the bill now under consideration would enable it to supply the same kind of money to the country, and instead of paying interest to receive 2 per cent. Consider for a moment the effect of making active and putting in circulation the latent forces that lie in one-half the real estate of the country.

The rate of 2 per cent. will not be burdensome to the borrower. In time the

ENTIRE EXPENSE OF THE GOVERNMENT

may be met from this source, and as the money when loaned by the Government is to supply a general want, the loaning becomes a most beneficent act, while the burdens of Government will be entirely lifted from the people.

While the bill provides that the loan shall be for a period not longer than twenty years, yet the borrower has the privilege of paying off the indebtedness when he no longer has use for the money, and the Government at the expiration of the twenty years may renew the loan. If this bill should become law it would probably soon furnish the Government with money sufficient to meet all its ordinary expenses.

As for the details of the bill, I do not care to discuss them. I am willing that it shall be amended as the wisdom of the Senate determines.

I think the objections in detail, as brought out by the report, are not justified, and at another time I shall be ready to discuss them if occasion offers. Now, I trust more particularly to the principle involved, which is the duty of the Government to furnish money enough to meet the wants of the people. This duty on the part of the Government is conceded; therefore, the question only remains how it can be accomplished; and for my part I do not see how else it can be done than by issuing money stamped on a material inexhaustible in supply, upon unimpeachable security.

The loaning of money on real estate need excite no alarm or be thought a new or strange thing. It is being done now by banks in every State in the Union. This bill merely suggests that the Government shall do directly what has so long been done indirectly; that it shall fulfill its obligations by furnishing the people at a low rate of interest with that which is indispensable to their prosperity and happiness—money, the best medium of exchange.

In conclusion, I have no hesitation in declaring that, for money purposes alone, the credit of our nation, with its legal power, is more valuable to us than would be inexhaustible mines of gold.

Mr. MITCHELL. May I ask the Senator a question?

Mr. STANFORD. Certainly.

Mr. MITCHELL. I have not read the bill lately, if I ever did, and I should like to ask the Senator whether there is any limit in the bill to the amount of money that may be loaned to any one person?

Mr. STANFORD. There is no limit, except the value of the security. The object is to get the money out to the people, and thus make use of it to the extent that the people have security to give for it.

Mr. MITCHELL. Would the bill by its provisions include, on a fair interpretation, a corporation?

Mr. STANFORD. I think so, if the corporation had any lands to offer as security.

Mr. MITCHELL. Is there anything in the bill that would prevent large corporations, say one of the large railroad companies, from making a demand for a large amount of money from the Government, on the faith of its land grant, for instance? Could such companies do that?

Mr. STANFORD. No matter where the money comes from, so that it gets out among the people. The Government can not afford to part with its money except upon a full consideration. But unfortunately for the railroads, their lands are generally already mortgaged at 6 per cent.

Mr. MORRILL. Mr. President, I do not desire to embarrass my friend the Senator from California, but I should like to ask him whether it is proposed that these issues of money shall be made in more than one place in a State?

Mr. STANFORD. By the Government itself in all the States.

Mr. MORRILL. In the principal town or in all the towns?

Mr. STANFORD. By such agencies as the proper Department of the Government shall determine.

Mr. MORRILL. Then, I should like to inquire, as the Senator talks about this bringing a large income to the United States, how much it would cost to establish agencies in every considerable town of our country to investigate the value of land, and also to certify that to the Government.

Mr. STANFORD. I do not think it follows necessarily that there shall be an agent in every county. There will be agents of the Government. I suppose, however, that it will probably cost less to make the investigation than the people now have to pay when they borrow money.

Mr. MORRILL. But in order to have the bill comprehensive and equal in its value, the farmers in every county and town in the United States ought to have the privilege of obtaining this money.

Mr. STANFORD. Yes, sir.

Mr. MORRILL. Then there must be somebody to ascertain the value of the land upon which it is proposed to base this loan.

Mr. STANFORD. Yes. That is ascertained by the assessment on which the farmer pays his taxes, which is conclusive. It is not proposed that the Government shall loan money to a greater amount than one-half of that value, but that value may be rejected by the Government agents if it is not thought satisfactory by them.

Mr. MORRILL. The land must be examined by somebody in each particular locality, and, if so, it seems to me it would take considerable of an army to furnish the requisite information to the Government for it to act upon.

Mr. STANFORD. Not more, at any rate, than is now done in borrowing from private individuals, probably nothing like so much. When the plan is properly systematized, I suppose one agent will be sufficient to investigate for several counties. Perhaps the United States district attorney or some other officer may be selected.

I have not discussed the details of the bill because I have considered that the great question was to establish the principle. When that is established, then the details may be discussed and adopted as the wisdom of Congress shall determine. In presenting this bill I thought in order that it might be well understood that I should present what I supposed would fairly provide for the machinery to put the plan in operation.

The VICE-PRESIDENT. What disposition does the Senator wish to have made of the bill?

Mr. STANFORD. I understand the Senator from Kansas [Mr. PEPPER] desires to be heard on the bill before it is referred.

Senator PEPPER addressed the Senate in advocacy of the bill, and so as to allow the Senators to speak on the bill, Senator STANFORD made a motion, which was adopted, that the bill lie on the table for further consideration.

CO-OPERATION.

SPEECH OF HON. LELAND STANFORD, OF CALIFORNIA.

The Senate having under consideration the bill to encourage co-operation and to provide for the formation of associations in the District of Columbia for the purpose of conducting any lawful business and dividing the profits among the members thereof—Mr. STANFORD said :

Mr. PRESIDENT: The bill which I have introduced provides for the association and organization of individuals with or without capital. It gives no exclusive privileges, and is intended only to aid the natural right of association.

In a large sense, civilization itself rests and advances on the great principles of co-operation. The industries, the thoughts, the great ideas which produce vast and beneficial results, find their full development in association. Thus the discoveries in art and in science are distributed or availed of; and they inure to the benefit of the whole community—often to the whole civilized world.

CO-OPERATION STRENGTHENS THE WEAK.

So the organization of individuals for a common purpose gives the strength, the capacity, of the ablest to all in the association. The weakest, and the one of the least capacity, is brought up in advantages to the level of the best. The result of this association is to bring the individuals of the association closer to the entire fruits of their united industries. With a greater intelligence, and with a better understanding of the principles of co-operation, the adoption of them in practice will, in time I imagine, cause most of the industries of the country to be carried on by these co-operative associations. The co-operation of individuals in kindred pursuits would have the effect of furnishing, from their variety of labor, continuous employment. Thus a combination of men could even do farming—rendering for hire their services to the farmers—and might find that continuity of labor so important to the laborer and conducive to the maximum power of production which arises from constant employment.

PROPERTY DEPENDS ON PRODUCTION.

A country's prosperity must always mainly depend upon its power of production. This is to be brought about by the most intelligent direction and application of labor. Abundant illustrations might be given to show that the value of the labor of an individual, like the wealth of the country, will depend upon the power of production. The most notable example of this is to be found in the production of wheat in Egypt, in India, and in America. Wheat is raised in all these countries to compete in the same market—England. The compensation to the laborer on the banks of the Nile is a red radish; in India, about five cents a day. In my own State, California, the harvester receives \$2.00 per day—forty times as much as his competitor receives in India. Now, these comparatively high wages could not be paid except upon a comparatively large production. The man in California receives forty times as much for a day's labor as a man in India; or the wages of one man in California equal those of forty men in India. And yet he competes successfully because he avails himself of the genius of inventors—cuts and threshes and puts into a sack a hundred pounds of wheat for a cent and a half.

THE LAW OF COMPENSATION.

And so in every other field of labor the compensation will always be in proportion to the production: The earth yields abundantly, through labor, to supply the wants of mankind. Her yield of supplies for the necessities, the comforts, the elegan-

cies, and the splendors of life are only measured by the amount of intelligent labor that is applied to the cultivation of the soil, to the working of mines, of quarries, and of forests and their products; and if there is want among the provident and industrious it must be for the lack of the intelligent direction and application of labor. How far these wants may be supplied by legislation is a problem; but I believe much aid may be given.

In the history of nations, want of the commonest necessities has been the rule. Hitherto governments have been founded in force, maintained in force, and the principal thought has been to increase the force, or to so organize it as to preserve the government. Hence the large standing armies of Europe to-day. The theory of our Government is that it was instituted for the benefit of the people; that there are inalienable rights—rights which are superior to constitutions and laws, securing the individual in his rights of liberty, property, and the pursuit of happiness, even to the extent of commanding the support of every other citizen in the whole country. These great principles, securing the freedom and the rights of the individual, insure to us forever a free government so long as the intelligence of the people is adequate in appreciating the principles upon which their government is founded. Hence we need no great standing armies to overawe and menace the people; and our time and thoughts can be directed to their general development and to improvement in their condition.

It is in the hope of strengthening and developing the intelligence and the productive power of the individual without capital, or with but little, that I have introduced this bill, believing it to be one great step towards attaining the highest possibility of abundance of the necessities and comforts of life for every industrious and provident individual.

THE VALUE OF CO-OPERATION.

I believe that co-operation will bring out the highest capacities of those engaged in it. It will impart to each individual the stimulus of knowing that he or she may enjoy the full fruits of his or her skill and energy in their calling. In those countries where there is the most intelligence there is the greatest use made of labor-aiding machinery; and where this labor-aiding machinery is used most, as in our own country, there the compensation of the laborer is the largest. Even in Europe those countries that make most use of labor-aiding machinery have the best compensation for their labor.

Occasionally there is evidence of apprehension that labor-aiding machinery may deprive the laborer of the demand for his services; but any apprehension of that kind must readily disappear with the reflection that the wants of humanity are as boundless as the intelligence and capacity to conceive. With the ignorance of the Digger Indian there are few wants; no intelligence to conceive, and the demand for the labor supply of others is of the most limited kind. The more intelligent the people the greater are their wants, and with those increased wants the greater the demand for labor; and, in the universality of labor, the greater the capacity of individuals and communities to make exchange of their productions.

THE REMOVAL OF NON-PRODUCERS.

I have the hope and the faith that the principles of our Government, of our great bill of rights as set forth in the Declaration of Independence, will yet pervade the whole civilized world, and as these ideas are adopted, and as they expand into the control of governments, so will disappear great standing armies, non-producers will be changed into fruitful producers, adding to the comforts and happiness of humanity. Then the principal attention of the governments will be directed towards developing the arts of peace, and making humanity more happy.

In proposing the passage of a law of this kind, there is in it only an extension to persons without capital of the provisions that have existed heretofore in the laws provided for the association of those with capital. There is no invasion of the principles of association which have, happily, done so much in the development of the resources of our country and proved such a stimulus to its industry.

The principle of co-operation of individuals is a most democratic one. It enables the requisite combination of numbers and capital to engage in and develop every enterprise of promise, however large. It is the absolute protection of the people against the possible monopoly of the few, and renders offensive monopoly, and a burdensome one, impossible. The only possible monopoly with these laws in exist-

ence is one of beneficence, and to the extent that the wants and conditions of the people can be better supplied than by any other means. So far, only, can there be a monopoly in our country under these laws of co-operation.

THE ADVANTAGES OF CO-OPERATION.

One of the great advantages of association of this kind is that in case of disagreement, death, or failure of individuals, the organization goes on; and in this respect it is freed from the disadvantages of an ordinary partnership. Besides, the diverse capacities of the different individuals, whatever they may be, unite to make up a great whole of strength and of large capacity.

One of the difficulties in the employment of women arises from their domestic duties; but co-operation would provide for a general utilization of their capacities and permit the prosecution of their business without harm, because of the temporary incapacity of the individual to prosecute her calling. And if this co-operation shall relieve them of the temporary incapacity arising from the duties incident to motherhood, then their capacity for production may be utilized to the greatest extent.

Very many of the industries would be open to and managed as well by women in their co-operative capacity as by men. The moral influences of co-operation are very great. All in the organization are interested in the welfare and good conduct of every other member. All the good influences of the whole are brought to bear in favor of the individual, and all the individual members unite to make the whole most powerful for the accomplishment of results.

This bill is now pending before the Committee on Education and Labor.