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paragon of strength

# Mutual Banking.

1850



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# MUTUAL BANKING.

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“He that hath restored to the debtor his pledge ;  
He that hath not given forth upon usury ;  
Neither hath taken any increase ;  
But hath withdrawn his hand from iniquity ;  
Hath executed true judgment between man and man ;  
Hath walked in my statutes ;  
And hath kept my judgments, to deal truly ;  
He is just, he shall surely live, saith Adonai Jehovah.”

*Ezekiel xviii, 7-9.*

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WEST BROOKFIELD, MASS :  
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## INTRODUCTION.

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“ That there may be no schism in the body.”—*Saint Paul.*

### *Sparta.*

WHAT particularly characterized Sparta? Sparta was the city of THE EQUALS: the social name of the citizens of Sparta was this—*the equals*. Sparta was composed of ten thousand citizens, organized upon the principle of equality and these ten thousand citizens ruled over thirty thousand Laconians who were not possessed of this title of equals; over a multitude of Helots; and over a multitude of Slaves. Sparta was thus an embodiment of the most horrible inequality, if we consider it according to the totality of men who composed the empire of Lacedæmon, and lived on its territory. But Sparta was a model fraternity, a model equality, a model community, if we consider the true Lacedemonians only, that is to say, *the equals*. Sparta was regarded by all the grave and serious philosophers of antiquity as the inspiring city; in their eyes it was holy and venerable, even as Rome was holy to the Romans, and Jerusalem to the Jews. Why was Sparta thus regarded as holy? It was because, in the midst of this atrocious barbarity, in the midst of this cruel inequality, a holy idea was embodied, the idea of *equality*—the equality of a certain number, though not of all.

This principle of equality was consecrated in the great Spartan Sacrament, the *repast in common*. No man could be present at the repasts who was not one of *the equals*; and no one could be considered one of the equals who did not attend the repasts regularly. Participation in the common repasts was the sacramental sign of citizenship, and conferred the right of voting in public affairs. A citizen of Sparta, there-

fore, was a man who took his place at the public banquets : this is the summing up of the legislation of Lycurgus, whose whole system is involved in the institution of the Social Banquets.

*Egypt.*

This institution of the repast in common, was not an isolated institution of Crete and Sparta ; for Aristotle tells us that it was widely extended ; that it was established especially in Italy and at Carthage. Be this as it may, it cannot be denied that the repast in common obtained in Egypt. The people of Egypt were divided into three classes ; that of priests, that of warriors, and that of laborers and mechanics. The two higher classes, the priests and the warriors, lived *in community* ; the priests by themselves, and the warriors by themselves. The priests of Egypt, like the monks of the middle ages, had no private property, but lived in common, in edifices belonging to their order. As for the warriors, a certain portion of land was assigned to each of them ; but no warrior was permitted to cultivate the same field two years in succession, for fear that he should attach himself to it, and consider it as his own private property. The people of Egypt were divided into two camps ; in one were the priests and the warriors, who constituted the aristocracy ; in the other was the mass of the people. The priests among themselves, and the warriors among themselves, lived in community, according to the principle of equality ; and the people were taxed to support them. The people, the inferior caste, owned in their own right the property which was in their hands ; they were proprietors, and paid taxes. The members of the higher castes had no interest separate from that of the corporations to which they belonged ; they were exempt therefore from envy and jealousy, and sat down as brethren and equals, with their brethren and equals at the common banquets : the members of the lower castes were given over to competition among themselves, they

had nothing in common with each other ; they looked upon each other as rivals and enemies ; they ground each other as mill stones grind each other when they have no corn to grind ; and thus, divided among themselves, hostile to each other, moved by cupidity, and recognizing neither equality nor fraternity, they became the victims of a cruel oppression—they became the *caryatides* which sustained the social system of the valley of the Nile. Is the supposition devoid of plausibility that Moses borrowed the sacerdotal principle of the Egyptians, when he took no account of the tribe of Levi (the Hebrew Priests) in the division of the conquered land ? “The Priests, the Levites, and all the tribes of Levi, shall have no part nor inheritance with Israel. \* \* The Lord is their inheritance as he hath said unto them.”—*Deut.* 13 : 1, 2.

### *Israel.*

“ Moses was learned in all the wisdom of the Egyptians, and was mighty in words and in deeds ?—*Acts* 7 : 22. Through his relationship to Pharaoh’s daughter, he was connected with the Egyptian aristocracy ; and he was unquestionably initiated into all their secrets. Did Moses borrow anything from Egypt except this principle relating to the priesthood ? He certainly borrowed a multitude of institutions, and, among others, that of the *repast in common*. The Jews had three great feasts, the first of which, and the most solemn, was the Passover. The obligation of every Jew to celebrate this festival was so great that whoever neglected it, was legally liable to excommunication—to be cut off from the Jewish nation. “ The Lord spake unto Moses, saying, Speak unto the children of Israel, saying, \* \* The man that is clean, and is not in a journey, and forbeareth to keep the Passover, even the same shall be cut off from among his people.—*Num.* 9 : 10—13. As in Sparta, he that refrained from the public repasts, lost his right of citizenship.

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Moses had evidently two objects in view in his legislation : on one hand, the passover distinguished the Jews from all other nations ; and, on the other, it united them among themselves, and made them brethren. On one hand, it was the festival of emancipation, of the exodus from slavery ; it was the sign of separation from all other nations ; it was the sign of insurrection against all foreign tyrants, whether Egyptians, Assyrians, Persians, or Romans. But, on the other hand, it was the sign of the fraternity of the Jews among themselves, the sign of their union ; it was for them (what Christianity has developed) a veritable *communion*. In Sparta, there were ten thousand *equals*, and a multitude of slaves ; in Egypt, there were a few priests and warriors, who were *equals*, and a multitude of slaves. But behold the progress of liberal institutions ! Among the Hebrews, there was neither a higher caste, nor a lower caste : for all formed one great nation of *equals*, and all came by a common right, and seated themselves at the great national banquet ! For, though the tribe of Levi existed under a peculiar organization, yet the Levites never formed an aristocracy in Israel. The legislators of Egypt and Sparta, established inequality in the bosoms of the nations to which they gave laws : Moses established equality in Israel, but it must be confessed that he sanctioned inequality among the nations. He taught that the Hebrews were a holy and peculiar race, people, and nation, by right of birth ; and excluded by his doctrine, the other nations from the favor of God. It was necessary that a new religion should arise, establishing equality among the nations, and teaching that “ God is no respecter of persons ; but that in *every nation*, he that feareth him and worketh righteousness is accepted of him.”—*Acts 10 : 35.*

But how did the Jews *partake* of the passover ? “ Thus shall ye eat it ; with your loins girded, your shoes on your feet, and your staff in your hand : and ye shall eat it in haste ; it is the Lord’s passover. Ye shall eat the flesh in that night, roast with fire, and unleavened bread ; and with bitter herbs

shall ye eat it. And ye shall let nothing of it remain until the morning: and that which remaineth until the morning, ye shall burn with fire."—*Exod.*, ch. 12.

If you object that the Cretans and the Spartans ate every day in common, while the Jews assembled at the social banquet only once a year, and then only by families; if you say the Spartans communed daily, while the Jews went a whole year without communion, and ask what possible relation two such different practices can have with each other, we answer: Your objection does not appear to be at all profound; for the Hebrews were an agricultural and pastoral nation, not living in one great city, nor in the neighborhood of any one great city, but spread over a great extent of country; and they could not, therefore, by the nature of the case, be often assembled in one place. For these reasons, Moses could not establish the life in community, according to the higher Egyptian pattern, among his people; neither were his successors able to do it after him. The people, therefore, were given over to a great extent, to the kind of life that reigned in Egypt in the lowest caste—the life in non-communion. The individual and family were thus abandoned to themselves without social intervention, and, by necessity, inequality with all its evils resulted from this abandonment. Moses understood this very well. The passover, the only *communion* possible among men thus separated, remedied none of these evils: it was a sign of nationality and general unity—and that was all.

### *The Sabbath.*

But Moses was not to be arrested in his legislation by a superficial difficulty of this nature. By another and a still more remarkable institution, he applied an effectual remedy against the inequality and individualism which threatened to establish itself among the families of Israel. We refer to the institution of the Sabbath. First, we notice the Sabbath of days: "The seventh day is the Sabbath of the Lord thy God:

in it thou shalt not do any work, &c."—*Exod.* 20: 10. Afterward, we notice the Sabbath of years: "Six years thou shalt sow thy field, and six years thou shalt prune thy vineyard, and gather in the fruit thereof; but in the seventh year shall shall be a Sabbath of rest unto the land; a Sabbath for the Lord: thou shalt neither sow thy field, nor prune thy vineyard."—*Levit.* 25: 3, 4. Then we notice the Sabbath which follows seven consecutive Sabbaths of years:—let the reader turn to his Bible, and read the whole twenty-fifth chapter of *Leviticus*, for it is well worth his while to do it. Every fiftieth year, the trumpet of the JUBILEE sounded throughout all the land of Israel, proclaiming *liberty* to all the inhabitants thereof. Whoever had sold his property during the forty-nine years, found it return to him on the day of Jubilee. No man could sell his house or his lands beyond the day of Jubilee; on that day all contracts of sale were broken, all debts were expunged. What a *household-exemption* law was that! History furnishes us with but one example of the actual application of an agrarian law; and then the law in question was promulgated and applied by the direct command of the Almighty himself. The great characteristic social law of the Jews was a levelling law. Let the reader turn to the twenty-fifth chapter of *Leviticus*, and confess that the Mosaic law is an organization of the principle of EQUALITY.\*

### *The Three Forms of Inequality.*

There are three forms or manifestations of inequality.

The first is *Slavery*, which weighed upon the lower classes in Sparta and Egypt, upon the lower classes in all the nations

\* If the reader desires more full, and clearer information in regard to the matters treated of in the foregoing paragraphs, let him consult the treatise on EQUALITY, by Pierre Leroux; where the positions here taken, are firmly established and fully illustrated.

of remote antiquity ;—yea, which prevails now in many of the nations of Christendom.

The second is *inequality among the nations*; the Jews regarded themselves as a holy and elect nation, contradistinguishing themselves from all the rest of the world, and characterizing the citizens of all Gentile states as reprobate and impure; the Greeks contradistinguished themselves from the Barbarians, and held that all who were not Greeks were worthy only to be slaves; the Roman citizen, by his mere right of citizenship, looked upon himself as lord and master over all other men.

There is a third form of inequality, which prevails at the present day, **FOUNDED ON THE FALSE ORGANIZATION OF CREDIT.**

The legislation of Moses anathematized all personal slavery, and pronounced an eternal curse against the first form of inequality,\* but Moses sanctioned the second form of inequality—the inequality between nations. When our Lord came into the world no man possessed any right which he did not draw from the race to which he belonged; no natural and inalienable rights of man were recognized. Was not Paul himself, the great destroyer of national inequality, obliged to have recourse, not to the principles of natural justice, but to his rights as a Roman citizen, to save himself from torture?—*Acts 22: 22—39.* What was the great foundation of the doctrine of Paul? Was it not that God looked with equal favor upon all nations? Was it not that God, in Christ Jesus had broken down the middle wall of partition which separated between Jew and Gentile? Was not Paul's doctrine a reaction against the Mosaic law? How does the Apostle characterize the new order of social existence which was to grow out of the preaching of the Gospel? He says, “There is neither Jew nor Greek, there is neither bond nor free, there is neither male nor female: for ye are all one in Christ Jesus. There is

\* It is possible that we speak here too favorably of the actual legislation of Moses.

neither circumcision nor uncircumcision, Barbarian, Scythian, bond nor free; but Christ is all and in all."

*The Christian Communion.*

What, in fact, is the *Christian communion*? It is a transformation and development of the Jewish Passover. Our Lord seated himself with his twelve Apostles, to partake of the Passover, and said, "With desire I have desired to eat this Passover with you before I suffer." Then he instituted the ordinance of the communion, transforming the Jewish festival, and a re-enacting the law enforcing its perpetual obligation. The primitive Christian Communion was a social banquet; the table was spread, and bread and wine were abundantly supplied. The Christians did not assemble together in families as did the ancient Jews, but whole churches assembled socially after the manner of the superior castes of Egypt and Sparta. "When ye come together therefore into one place (says the Apostle,) this is not to eat the Lord's Supper. For in eating every one taketh before another his own supper: and one is hungry and another is drunken. What! have ye not houses to eat and drink in? or despise ye the church of God, and shame them that have not?" The perversion of the ordinance there indicated, gives us a clear conception of the manner in which it was celebrated in primitive times. The Christian communion is the organization of a new social state, it is the extending of the right of citizenship to every member of the human family. In Egypt and Sparta, the nobles only *communed*; with Moses the *communion* was restricted to the Hebrew race; but Christ calls upon all men to enter the Kingdom of Heaven, and thus throws the *communion* open to every one of the children of Adam. "For in Christ there is neither Jew nor Greek, bond nor free, male nor female." Is it not evident that the Christian communion is the organization of the principle of equality?

But let us follow the order of the establishment of this divine

the institution. In our Lord's discourse (commencing at thirteenth chapter of John's Gospel) which he spake to his disciples, as they were assembled together around the table to partake of the feast of the Passover, we find abundant indications of the profound meaning which he intended to embody in the ordinance. First of all, our Lord rose from the table and, girding himself with a towel, *began to wash and to wipe his disciples' feet!* Behold Satan falling like lightning out of heaven! If our Lord had intended to teach the dogma of equality, (which he evidently did) could he have taken a more effectual course than this? What action could be more worthy of him who said; "He that is greatest among you, let him be your servant;"—of him who taught us to call those to whom we delegate power, not lords, not kings, not rulers by divine right, but *public servants!* Listen to the Master's words—"Ye call me Master and Lord: and ye say well; for so I am. If I then, your Lord and Master, have washed your feet, ye ought also to wash one another's feet: for I have given you an example, that ye should do as I have done unto you." Where now is the aristocracy of Egypt and Sparta? The walls of partition are thrown down, and every vile slave, every member of the degraded castes, is called upon to receive the Christian illumination, to enter into *communion*, to receive the right of citizenship.

Verily Moses promulgated the eternal anathema against slavery; but Christ has done more than this, he has proclaimed the abiding curse against all social inequality whatever;—he has opened the way for the establishment of God's justice among the children of men.

The Apostles misunderstood the tenor, in some points, of their Master's doctrine. They supposed he came merely to extend the Mosaic institutions: they endeavored, therefore, to establish fully the Mosaic agrarianism; they endeavoured to establish a community of goods, and to put the levelling system in complete operation. "The multitude of them that believed were of one heart, and of one soul: *neither said any*

*of them that aught of the things he possessed was his own ; but they had all things common.”—Acts 4 : 32.* The Mosaic system was powerful for *leveling down*, for repressing all aristocracy : but our Lord did not come for this. He came to **LEVEL UP**. He came to confer nobility on the whole human race. He came to make all men priests and kings.—*Rev. 1 : 6.* The system of Moses caused the Jewish nation to stagnate ; it was destructive to all progress ; whenever any change occurred, his laws levelled everything back to their original position : but the system of Christ is the very incarnation of the spirit of progress. Christ throws all gates open to men ; he constitutes his disciple a son of God—can any one lay claim to a more aristocratic descent than that ? He confers upon his disciple the right of citizenship in the whole universe ; nay, the right of citizenship in the highest heaven itself ;—where now are the privileges of Rome and Sparta ? “ Let no man glory in men ; for all things are yours ; whether Paul or Apollos, or Cephas, or the world, or life, or death, or things present, or things to come ; all are yours ; and ye are Christ’s ; and Christ is God’s.”—*1 Cor. 3 : 21, 22, 23.*

Are we not justified in affirming that the dogma of *Equality* is hidden in the very centre of the Christian ordinance of Communion ? But what necessity is there for prolonged discussion ? Is there a man in the Christian Church who dares to go to the Communion table denying that he goes as an equal to meet with equals ?

# MUTUAL BANKING.

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In the title page of a book on "Money and Banking,"\* published at Cincinnati, the name of WILLIAM BECK appears, not as author, but as publisher. Yet there is internal evidence in the book, sufficient to prove that Mr. Beck is the author. But who was or is Mr. Beck?—What were his experience and history? Is he still living? No one appears to know. He seems to stand—like one of Ossian's heroes—surrounded with clouds, solitude and mystery. In the pages of Proudhon, Socialism appears as an avenging fury, clothed in garments dipped in the sulphur of the bottomless pit, and armed for the punishment of imbeciles, liars, cowards and tyrants; in those of Mr. Beck, she presents herself as a constructive and beneficent genius, the rays of her heavenly glory intercepted by a double veil of simplicity and modesty. Mr. Beck's style has none of the infernal fire and profanity, which cause the reader of the "Contradictions Economiques" to shudder: you seek in vain in his sentences for the vigor and intense self-consciousness of Proudhon; yet the thoughts of Proudhon are there. One would suppose, from the naturalness of his manner, that he was altogether ignorant of the novelty and true magnitude of his ideas.

\* Money and Banking, or their nature and effects considered: together with a plan for the universal diffusion of their legitimate benefits without their evils:—By a citizen of Ohio, Cincinnati: Published by William Beck, 1839.—16 mo. pp. 212.

*Mr. Beck's Bank.*

In Mr. Beck's plan for a Mutual Bank—which consists in a simple generalization of the system of credit in account that is well described in the following extract from J. Stuart Mill's “Political Economy”—there is one fault only: but that fault is fatal: it is that the people can never be induced to adopt the complicated method of accounts which would be rendered necessary:—

“A mode of making credit answer the purposes of Money, *by which, when carried far enough, money may be very completely superseded*, consists in making payments by checks. The custom of keeping the spare cash, reserved for immediate use or against contingent demands, in the hands of a banker, and making all payments, except small ones, by orders on bankers, is in this country spreading to a continually larger portion of the public. If the person making the payment and the person receiving it kept their money with the same banker, the payment would take place, *without any intervention of money*, by the mere transfer of its amount in the banker's books from the credit of the payer to that of the receiver. *If all persons in London kept their cash at the same banker's, and made all their payments by means of checks, no money would be required or used for any transactions beginning and terminating in London.* This ideal limit is almost attained in fact, so far as regards transactions between dealers. It is chiefly in the retail transactions between dealers and consumers, and in the payment of wages, that money or bank notes now pass, and then only when the amounts are small. In London, even shopkeepers of any amount of capital or extent of business, have generally an account with a banker; which, beside the safety and convenience of the practice, is to their advantage in another respect, by giving them an understood claim to have their bills discounted in cases where they could not otherwise expect it. As for the merchants and larger dealers, they habitually make all payments in the course of their busi-

ness by checks. They do not, however, all deal with the same banker; and when A gives a check to B, B usually pays it, not into the same, but into another bank. But the convenience of business has given birth to an arrangement which makes all the banking-houses of the city of London, for certain purposes, virtually one establishment. A banker does not send the checks which are paid into his banking-house to the banks on which they are drawn, and demand money for them.—There is a building called the Clearing-house, to which every city banker sends, each afternoon, all the checks on other bankers which he has received during the day, and they are there exchanged for the checks on him which have come into the hands of other bankers, the balances only being paid in money. By this contrivance, all the business transactions of the city of London during that day, amounting often to millions of pounds, and a vast amount besides of country transactions, represented by bills which country bankers have drawn upon their London correspondents, are liquidated by payments not exceeding on the average £200,000.”—Vol. 2, p. 47.

There are two methods by which the business world make credit perform the functions of money; 1st, by credit in account; and 2d, by bills of exchange: Mr. Beck thought out a Mutual Bank by generalising credit in account—Proudhon by generalising the bill of exchange.

### *Bills of Exchange.*

Let it be supposed that there are ten shoe manufacturers in Lynn, who sell their shoes to ten shop keepers in Boston; let it be supposed also, that there are ten wholesale grocers in Boston, who furnish goods to ten retail grocers in Lynn. If the value of the shoes equals the value of the groceries, the ten retail grocers in Lynn would have no occasion to send money to Boston, to pay their indebtedness to the wholesale grocers; neither would the ten shopkeepers in Boston have occasion to

send money to Lynn to discharge their debt to the ten shoe manufacturers; for the Lynn retail grocers might pay the money to the Lynn shoe manufacturers, these shoe manufacturers, writing to the Boston shopkeepers, who are their debtors, requesting them to pay the Boston wholesale grocers, who are the creditors of the Lynn retail grocers. It is very possible that the transactions of all these persons with each other, might be settled in this way, without the transmission of any money, either from Boston to Lynn, or from Lynn to Boston. The transfer of debts, in the process here indicated, gives rise to what are called, in mercantile language, *drafts*, or *bills of exchange*—though regular bills of exchange are seldom drawn in this country except against foreign account. A bill of exchange reads generally somewhat as follows: “To Mr. E. F., ——days after sight, on this my *first* Bill of Exchange (second and third of the same date and tenor not paid) pay to A. B., without further advice from me, ——dollars, value received, and charge the same to account of, your obd't servant, C. D.” This form evidently implies that the bill is made out in triplicates. The bill must also, of course, be dated. A *draft* is a bill of exchange drawn up with the omission of some of the solemnity and particularity of the regular bill.

Bills of exchange are useful, not only for the payment of debts at distant places without transportation of the precious metals, but also as a means by which a debt due from one person may be made available for *obtaining credit* from another. It is usual in every trade to give a certain length of credit for goods bought: ninety days, six months, eight months, or a longer time, as may be determined by the convenience of the parties, or by the custom of the particular trade and place. If a man has sold goods to another on six months credit, he may draw a bill upon his debtor, payable in six months, get his bill discounted at the Bank, and thus qualify himself to purchase such things as he may require in his business, without waiting for the six months to expire. But bills of exchange do more than this: they not only obviate, upon occasions, the necessity for

ready money ; they not only enable a man to command ready money before the debts due to him arrive at maturity ; they often actually take the place, and perform the functions, of money itself. J. Stuart Mill, quoting from Mr. Thornton, says : " Let us imagine a farmer in the country to discharge a debt of £10 to his neighboring grocer, by giving him a bill for that sum, drawn on his corn factor in London, for grain sold in the metropolis ; and the grocer to transmit the bill, he having previously endorsed it, to a neighboring sugar baker in discharge of a like debt ; and the sugar baker to send it, when again endorsed, to a West India merchant in an outport, and the West India merchant to deliver it to his country banker, who also endorses it, and sends it into further circulation. The bill will in this case have effected five payments, exactly as if it were a £10 note payable to bearer on demand. *A multitude of bills pass between trader and trader in the country, in the manner which has been described ; and they evidently form, in the strictest sense, a part of the circulating medium of the kingdom.*" Mr. Mill adds : " Many bills, both domestic and foreign, are at last presented for payment quite covered with endorsements, each of which represents either a fresh discounting, or a pecuniary transaction in which the bill has performed the functions of money. Up to twenty years ago, the circulating medium of Lancashire for sums above five pounds, was almost entirely composed of such bills." We are informed that the commercial currency of France is composed of such bills ; and the writer of this article can affirm, from personal experience, that a man may very easily reside eight months in the city of Paris, without ever laying eyes on a note of the Bank of France, or, indeed, on a note of any Bank whatever.

In our explanation of the system of banking which results from a generalisation of the bill of exchange, we will let the master speak for himself.

*Proudhon's Bank.*

“ We must destroy the royalty of gold ; we must republicanise specie, by making every product of labor to be ready money.

“ Let no one be frightened beforehand. I by no means propose to reproduce, under a rejuvenated form, the old ideas of paper money, money of paper, assignats, bank bills, &c., &c. ; for all these palliatives have been known, tried, and rejected long ago. These representations on paper, by which men have believed themselves able to replace the absent god, are, all of them, nothing other than a homage paid to metal—an adoration of metal—which has been always present to men’s minds, and which has always been taken by them as the measure or evaluator of products.

\* \* \* \* \*

“ Every body knows what a Bill of Exchange is. The creditor requests the debtor to pay, to him or to his order, at such a house, at such a place, at such a date, such a sum of money.

“ The promissory note is the bill of exchange inverted : the debtor promises the creditor that he will pay, &c.

“ The Bill of Exchange,” says the Statute, “ is drawn from one place on another. It is dated. It announces :—the sum to be paid, the time and place where the payment is to be made ; the value to be furnished in specie, in merchandise, in account, or in other form ; it is to the order of a third person, or to the order of the drawer himself. If it is by 1st, 2d, 3d, 4th, &c., it must be so stated.”

“ The Bill of Exchange supposes therefore, *exchange*, *provision* and *acceptance* ; that is to say, a value created and delivered by the drawer, the existence in the hands of the drawee of the funds destined to acquit the bill, and the promise on the part of the drawee to acquit it. When the Bill of Exchange is clothed with all these formalities ; when it represents a real service actually rendered, or merchandise delivered ; when the

drawer and drawee are known and solvent; when, in a word, it is clothed with all the conditions necessary to guarantee the accomplishment of the obligation, the Bill of Exchange is considered *good*; it circulates in the mercantile world like bank paper, like specie. No one objects to receiving it, under pretext that a Bill of Exchange is nothing but a piece of paper. Only—since at the end of its circulation, the Bill of Exchange, before being destroyed, must be exchanged for specie—it pays to specie a sort of seigniorial duty, called *discount*."

" That which, in general, renders the Bill of Exchange insecure, is precisely this promise of final conversion into specie; and thus the idea of metal, like a corrupting royalty, infects even the Bill of Exchange, and takes from it its certainty.

" Now the whole problem of the circulation consists in generalizing the Bill of Exchange, that is to say, in making of it an anonymous title, exchangeable forever, and redeemable at sight, *but only in merchandise and services*.

" Or, to speak a language more comprehensible to financial adepts, the problem of the circulation consists in *basing* bank paper, not upon dollars, nor bullion, nor immovable property, which can never produce anything but a miserable oscillation between usury and bankruptcy, between the dollar and the assignat: but by basing it upon, *products*.

" I conceive this generalisation of the Bill of Exchange as follows :

" 100,000 manufacturers, miners, merchants, commissioners, public carriers, agriculturists, &c. throughout France, unite with each other in obedience to the summons of the government, and, by simple authentic declaration, inserted in the *Moniteur* newspaper;

" They bind themselves respectively and reciprocally to adhere to the statutes of the Bank of Exchange; which shall be no other than the Bank of France itself, with its constitution and attributes modified on the following basis :

1st. " The Bank of France, become Bank of Exchange, is

an institution of public interest. It is placed under the guardianship of the State, and is directed by delegates from all the branches of industry.

2d. "Every subscriber shall have an account open at the Bank of Exchange, for the discount of his business paper, and he shall be served to the same extent as he would have been under the conditions of discount in specie; that is in the known measure of his faculties, the business he does, the positive guarantees he offers, the real credit he might reasonably have enjoyed under the old system.

3d. "The discount of ordinary commercial paper, whether of drafts, orders, bills of exchange, notes on demand, will be made in Bills of the Bank of Exchange, of denominations of 25, 50, 100 and 1000 francs.

"Specie will be used in making change only.

4th. "The rate of discount will be fixed at — per cent, commission included, no matter how long the paper has to run. With the Bank of Exchange, all business will be finished on the spot.

5th. "*Every subscriber binds himself to receive, in all payments, from whomsoever it may be, and at par, the paper of the Bank of Exchange.*

6th. "Provisionally, and by way of transition, gold and silver coin will be received in exchange for the paper of the Bank, and at their nominal value.

"Is this a paper currency?

"I answer unhesitatingly, No: it is neither a paper money, nor a money of paper, it is neither government checks, nor even bank bills; it is not of the nature of anything that has been hitherto invented to make up for the scarcity of specie. *It is the Bill of Exchange generalised.*

The essence of the Bill of Exchange is constituted, 1st, by its being drawn from one place on another. 2d, by its representing a real value equal to the sum it expresses. 3d, by the promise or obligation on the part of the drawee to pay it when it falls due.

“ In three words, that which constitutes the Bill of Exchange, is—*exchange, provision, acceptance*.

“ As to the date of issue, or of falling due, as to the designation of the places, persons, object, these are particular circumstances which do not relate to the essence of the title, but which serve merely to give it a determinate, personal, and local actuality.

“ Now what is the bank paper I propose to create.”

“ It is the Bill of Exchange stripped of the circumstantial qualities of date, place, person, object, term of maturity, and reduced to its essential qualities, *exchange, acceptance, provision*.

“ It is, to explain myself still more clearly, the Bill of Exchange, payable at sight, and forever, drawn from every place in France, upon every other place in France, formed by 100,000 drawers, guaranteed by 100,000 endorsers, accepted by the 100,000 subscribers drawn upon, having provision made for its payment in the 100,000 workshops, manufactures, stores, &c. of the same 100,000 subscribers.

“ I say, therefore, that such a title unites every condition of solidity and security, and that it is susceptible of no depreciation.

“ It is eminently solid, since, on one side it represents the ordinary, local, personal, actual paper of exchange, determined in its object, and representing a real value, a service rendered, merchandise delivered, or whose delivery is guaranteed and certain ; while, on the other side, it is guaranteed by the contract, *in solido*, of 100,000 exchangers, who, by their mass, their independence, and at the same time by the unity and connexion of their operations, offer millions of millions of probability of payment against one of non-payment. Gold is a thousand times less sure.

“ In fact, if, in the ordinary conditions of commerce, we may say that a Bill of Exchange made by a known merchant, offers two chances of payment against one of non-payment ; the same Bill of Exchange, if it is endorsed by another known

merchant, will offer four chances of payment against one: if it is endorsed by three, four or a greater number of merchants equally well known, there will be eight, sixteen, thirty-two, &c. to wager against one, that three, four, five, &c. known merchants will not fail at the same time, since the favorable chances increase in geometrical proportion with the number of endorsers. What then ought to be the certainty of a Bill of Exchange, made by 100,000 well known subscribers, who are all of them interested to promote the circulation of this Bill of Exchange formed by the concurrence of them all?

"I add that this title is susceptible of no depreciation.—The reason for this is found, first, in the perfect solidity of a mass of 100,000 signers. But there exists another reason, more direct, and, if possible, more reassuring: it is that the issue of the new paper can NEVER be exaggerated, like those of ordinary bank bills, treasury notes, paper money, assignats, &c.; for the issue takes place against *good commercial paper* only, and in the regular, necessarily limited, measured, and proportionate process of discounting. \* \* \*

"In the combination I propose, the paper, (at once sign of credit and instrument of circulation) grows out of the best business paper, which itself represents products *delivered*, and by no means merchandise *unsold*: this paper, I affirm, can never be refused in payment, since it is subscribed beforehand by the mass of producers.

"This paper, offers so much the more security, and convenience, inasmuch as it may be tried on a small scale, and with as few persons as you see fit, and that without the least violence, without the least peril.

"Suppose the Bank of Exchange to start at first on a basis of 1000 subscribers instead of 100,000, the amount of paper it would issue would be in proportion to the business of these 1000 subscribers, and negotiable only among themselves. Afterwards, according as other persons should adhere to the Bank, the proportion of bills would be as 5,000, 10,000, 50,000, &c., and their circulation would grow with the num-

ber of subscribers, as a money peculiar to them.—Then when the whole of France should have adhered to the statutes of the new Bank, the issue of paper would be equal, at every instant, to the totality of circulating values.

\* \* \* \* \*

“I do not conceive it necessary to insist longer: men acquainted with banking will understand me without difficulty, and will supply from their own minds the details of execution.

“As for the vulgar, who judge of all things by the material aspect, nothing for them is so similar to an assignat as a bill of the Bank of Exchange. For the economist, who searches the idea to the bottom, nothing is so different.—They are two titles which, under the same matter, the same form, the same denomination, are diametrically opposed to each other.”—*[Organisation du Crédit et de la Circulation—Banque d'Échange—p. 23.*

### *Remarks.*

We have three objections to Proudhon's Bank: we propose them with diffidence, as Proudhon has undoubtedly prepared an adequate answer to them; nevertheless, as he has not given that answer in his writings, we have a right to state them. They are as follows:

1st. We ask M. Proudhon how he would punish arbitrary conduct, partiality, favoritism, and self-sufficiency, on the part of the officers of his Bank? When we go to the Mutual Bank to borrow money, we desire to be treated politely, and to receive fair play.

2d. We ask him how he would prevent intriguing members from caballing to obtain control of the direction? or how he would prevent such intrigues from bringing forth evil results?

3d. We ask him how he would prevent the same property, through the operation of successive sales, from being represented, at the same time, by several different bills of exchange, all of which are liable to be presented for discount? For example;

suppose Peter sells John \$100 worth of pork at six months credit, and takes a bill at six months for it, and that John sells afterward this same pork to James, at a like credit, taking a like bill, what shall prevent both Peter and John from presenting their bills for discount? Both bills are *real* bills, resulting from sales actually effected; neither of them can be characterised as *accommodation* or *fictitious* paper; and, meanwhile, only one represents actual property. The same barrel of pork, by being sold and resold, at credit, one hundred times, will give rise to one hundred real bills: but is it not absurd to say that the Bank is safe in discounting all this paper, for the reason that it is entirely composed of real bills, when we know that only one of them represents the barrel of pork?—It follows, therefore, that not every real bill is adequately guaranteed: how then can Proudhon be certain that his issues of bank paper “will never be exaggerated?”

For ourselves, we submit (and for the reason that it is necessary to have some system that obviates the three foregoing objections) that the issues of mutual money ought—here in New England—to be related to a basis of **REAL ESTATE**.

Our plan for a Mutual Bank (which is an application of the methods of *Mutual Insurance*) is as follows:

#### *Real Estate Mutual Banking.*

1st. Any person, by pledging real estate to the Bank, may become a member of the Mutual Banking Company.

2d. Any member may borrow the paper-money of said Bank, on his own note running to maturity (without endorsement), to an amount not to exceed three-fourths of the value of the property by himself pledged.

3d. *Each member binds himself in legal form, on admission, to receive in all payments, from whomsoever it may be, and at par, the paper of the Mutual Bank:* but no member who has in his possession bills of the Bank to an amount equal to the whole value of the property by himself pledged, shall be bound

to receive any more, until some of those held by him shall have gone out of his possession.

4th. The rate of interest at which said money shall be loaned, shall be determined by, and shall if possible just meet and cover, the bare expenses of the institution. As for interest in the common acceptation of the word, its rate shall be at the Mutual Bank, precisely 0.

5th. No money shall be loaned to any persons who are not members of the Company.

6th. Any member, by paying his debts to the Bank, may have his property released from pledge, and be himself released from all obligations to the Bank, or to the holders of the Bank's money.

7th. As for the Bank, it shall never redeem any of its notes in specie ; nor shall it ever receive specie from its debtors, except at a discount of one half per cent.

Several objections may present themselves to the mind of the reader ; for example :—

It may be objected that the price of land would rise, since it is to be the basis for the issue of money, and that capitalists, turning their eyes in that direction, would monopolise all the real estate, and therefore all the money, leaving society in a position as bad as the one from which we are now striving to escape. To this objection, we reply :—We confess that real estate would rise in value ; but we think the price of labor would rise still more ; for the rate of interest being brought once down to 0 per cent, per annum, all capital would rush immediately to the market, there competing with all other capital for the employment of labor, so that the rate of wages would be at once increased—perhaps three or four hundred per cent. In the meantime, the price of produce would not increase in any thing like the same proportions, for such price depends on supply and demand ; and it is evident that no mere banking operation either increases the fertility of the soil, or makes men more hungry. The change in the price of land and labor, would be brought about, not by an operation on sup-

ply and demand, but by the abolition of the *capitalistic privilege*. From these reasons combined, we conclude, that if a speculator should purchase land for the purpose of monopoly, he would soon be ruined ; for he would get no more than he does now for his crops, while he would have to pay three and four times as much for labor. A gentleman farmer finds it very hard under the existing system to make both ends meet : what then would he do if the price of labor was tripled or quadrupled ? We think the effect of real estate mutual banking would be ; to benefit the man who worked on his own land ; to render the letting of land impossible ; and to ruin the employer who should refuse to labor with his own hands. We think, consequently, that the ultimate effect of the system would be to cause a cutting up of the land into such small farms as would give a comfortable support to the families that actually labor upon them. We think the speculator who should endeavor to use the bank for his private purposes, would find the bottom of it fall out so far as he is concerned, leaving him worse off than he was before. Besides, if this bank should ever become a monopoly, and be turned to evil purposes, the genius of Mutualism could devise in twenty-four hours, a hundred different Banks, with which to batter this one till it becomes level with the ground. "He that walketh in the light, knoweth whither he goeth." These are our views in regard to Mutual Banking. We hope to see the day when every laboring man in New England shall be a proprietor of real estate.

## **PETITION FOR A MUTUAL BANKING LAW.**

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To the Honorable, the Senate and House of Representatives  
of the Commonwealth of Massachusetts :

This prayer of your petitioners humbly sheweth : that the farmers, mechanics, and other actual producers, whose names are hereunto subscribed, conceive that it is impossible for them, under the present organization of the currency, and the consequent present high rates of interest, to obtain the just reward for their labor.

They therefore humbly pray your Honorable Body to republicanise gold, silver, and bank bills, by the enactment of a **GENERAL MUTUAL BANKING LAW**—thus effectually abolishing the tyranny of hard money, and the worse tyranny of paper based on hard money.

A law embracing the following provisions, would be eminently satisfactory to your petitioners :

1st. Mutual Banks shall be authorised to issue paper money to circulate as currency between parties willing to employ it as such.

2d. Every member of a Mutual Banking Company shall bind himself, and be bound, in due legal form, to receive, in all transactions of trade, from whomsoever it may be, and at par, the bills issued, and to be issued, by the particular company to which he may belong. Said bills shall never be redeemable in specie, but always in services and products : they shall never be redeemable at the counter of the Mutual Bank, but always at the stores, mills, workshops, and other

places of business, of the individual members of the Mutual Banking Company. Said bills shall be worded as follows :—

*“ Each individual member of the —— Mutual Banking Company, is legally bound to redeem this bill at sight, by receiving it, from whomsoever may present it, in lieu of —— Silver Dollars, whether in payment of debts, in the purchase of articles offered for sale, or in any other of the ordinary transactions of trade. In testimony whereof, we, the President and Book-keeper of said Banking Company, do hereunto affix our signatures.*

3d. That the members of the Mutual Banking Companies may be perfectly safe in thus receiving the bills issued by their respective Banks, no Mutual Bank shall be permitted to issue its paper, except in the regular process of discounting notes running to maturity ; THE PAYMENT OF WHICH NOTES SHALL BE SECURED BY A MORTGAGE OF REAL ESTATE ; said mortgage to cover a value at least one fourth greater than the value denoted on the face of the notes discounted.

#### *Remarks.*

1. Let A, B, C, D, and E, take a mortgage upon real estate owned by F, to cover a value of — say \$400 : in consideration of which mortgage, let A, B, C, D, and E, who are timber dealers, hardware merchants, carpenters, masons, &c., agree to furnish planks, boards, shingles, nails, hinges, locks, carpenter's and mason's labor, &c., to the value of \$300, to F, who is building a house. Let the mortgage have six months to run. A, B, C, D, and E, are perfectly safe ; for, either F pays at the end of the six months, and then the whole transaction is closed ; or F does not pay, and then they sell the real estate mortgaged by him, which is worth \$400, and pay themselves, thus closing the transaction. If F mortgages his property to create credit, to be employed by another person, G, then A, B, C, D and E, are equally safe, and for the same

reasons. This transaction generalized, gives the Mutual Bank ; and furnishes a currency based upon products and services, entirely independent of hard money or paper based on hard money. For A, B, C, D and E, may give to F, 300 certificates of his mortgage, said certificates being receivable by them for services and products, each one *in lieu* of a silver dollar—each certificate being therefore, in all purchases from them, equivalent to a one dollar bill. If A, B, C, D and E, agree to receive these certificates, each one *in lieu* of a silver dollar, for the redemption of the mortgage ; if, moreover, they agree to receive them, each one *in lieu* of a silver dollar, from whomsoever it may be, in all payments, then A, B, C, D and E, are a Banking Company that issues Mutual Money: and as they never issue money except upon a mortgage which covers one quarter more value than the value of the money issued, their transactions are always absolutely safe, and their money is always absolutely good. For the fact that A, B, C, D and E, hold the mortgage, is proof that they are able to redeem the bills. Any community that embraces members of all trades and professions, may totally abolish the use of hard money, and of paper based on hard money, substituting mutual money in its stead : and they may always substitute mutual money in the stead of hard money and bank bills, to the precise extent of their ability to live within themselves, and on their own resources. At the first starting, it is quite probable that the mutual money would not be generally received : but it is also quite probable that such money would drive every other species of currency out of circulation within a few years of the time when the first Mutual Bank is established .And the members of the Mutual Banking Company can well afford to wait a few years, as they issue their money to any amount on good security, at the bare expense of the rent of an office, cost of clerk hire, and outlay for printing.

2. As interest money charged by Mutual Banks ought to cover nothing but the expenses of the institutions, such Banks

can always lend money at a rate of less than one per cent. per annum, to persons offering good security.

3. It may be asked, What advantage does Mutual Banking hold out to individuals who have no real estate to offer in pledge? We answer this question by another: What advantage do the old banks hold out to individuals who desire to borrow, but are unable to offer adequate security? If we knew of a plan whereby, through an act of Legislature, every member of the community might be made rich, we would destroy this petition, and draw up another embodying that plan. Meanwhile, we affirm that no system was ever devised so beneficial to the poor, as this system of Mutual Banking: for, if a man having nothing to offer in pledge, has a friend who is a farmer, or other holder of real estate, and that friend is willing to furnish security for him, he can borrow money at the Mutual Bank at a rate of one per cent. interest per annum; whereas, if he should borrow at the old bank, he would be obliged to pay six per cent. Again, as Mutual Banking will make money exceedingly plenty, it will cause a rise in the rate of wages, thus benefitting the man who has no property but his bodily strength: and it will not cause a proportionate increase in the price of the necessaries of life, for the price of provisions, &c. depends on supply and demand; and Mutual Banking operates, not directly on supply and demand, but to the diminution of the rate of interest on the medium of exchange. Mutual Banking will indeed cause a certain rise in the price of commodities, by creating a new demand; for with mutual money, the poorer classes will be able to purchase articles which under the present currency they never dream of buying.

4. It is urged that the burthens of society are borne by the poor, by those who have nothing to offer in pledge, either at the old banks or at the new. We freely acknowledge the truth of this statement: but the remedy must be sought, nevertheless, in Mutual Banking. Let us consider the financial condition of the people of Massachusetts:

The assessors' valuation, for the year 1830, of the total taxable property then existing in the Commonwealth, was \$208.360.407: the valuation for 1840, was \$299.878.329. We may safely estimate that the valuation for 1850 will be to that of 1840, as that of 1840 was to that of 1830. Performing the calculations, we find that the total amount of taxable property possessed by the people of Massachusetts in the present year, is about \$431.588.724. The excess of this last valuation over that of 1840, *i. e.* \$31.710.395, is the net gain, the clear profit of the total labor of the people in the ten years under consideration. The average profit for each year, was, therefore, \$13.171.039.—In the year 1849, the Banks of Massachusetts paid their tax to the state, their losses on bad debts, their rents, their officers and lawyers, and then made dividends of about 7 per cent. on their capitals, to say nothing of reserved funds: the people must, therefore, in the course of the last year, have paid interest money to the Banks, to the amount of at least 10 per cent on the whole Banking Capital of the State. At the close of the year 1848, the Banking Capital in the State amounted to \$32.683.330:—10 per cent. on \$32.683.330, is \$3.268.333, *the amount the people paid during the year 1849, for the use of a currency.* We have estimated the total profits of the whole labor of the people of the Commonwealth, for the year 1849, at \$13.171.039: *it appears, therefore, that the total profits of nearly one fourth part of the whole population of the State, were devoted to the single purpose of paying for the use of a currency.* Mutual Banks would have furnished a better currency at less than one tenth of this expense.

But some mechanic says: I borrow nothing at any bank, and therefore pay no interest; how then does this matter concern me? Some farmer says: I deal only with the bank of manure; I pay none of this interest money; the fact that money is made rapidly by the banks, will not prevent my cabbages from growing. Hearken, my friends: let us reason about this matter. We have an impression on our minds,

that it is precisely the class who have no dealings with the banks, and derive no advantages from them, that ultimately pay all the interest money that is paid. When a manufacturer borrows money to carry on his business, he counts the interest he pays as a part of his expenses, and therefore adds the amount of interest to the price of his goods. The consumer who buys the goods, pays the interest when he pays for the goods :—and who is the consumer, if not the mechanic and the farmer? If a manufacturer could borrow money at one per cent., he could afford to undersell all his competitors, to the manifest advantage of the farmer and mechanic. The manufacturer would neither gain nor lose; the farmer and mechanic, who have no dealings with the bank, would gain the whole difference; and the bank—which, were it not for the competition of the Mutual Bank, would have loaned the money at six per cent. interest—would lose the whole difference. It is the indirect relation of the bank to the farmer and mechanic, and not its direct relation to the manufacturer and merchant, that enables it to make money. When foreign competition prevents the manufacturer from running up the price of his goods, the farmer and mechanic who are consumers, do not pay the interest money; but still the interest is paid by the class that derive no direct benefit from the banks; for in this case, the manufacturer will save himself from loss by cutting down the wages of his workmen, who are producers. Wages fluctuate, rising and falling as the rate of interest falls or rises. If the farmer, mechanic and operative, are not interested in the matter of banking, we know not who is.

5. More than \$34.583.330, are, at the present moment, invested in this State in Banking Capital: more than \$34.611.384 capital, have already been paid in to the various Rail-Road Companies; there are simple *business* Corporations in the State, authorised to hold and employ capital, amounting in the aggregate to more than \$86.472.000: Total capital held by Incorporated Companies, and yielding DIVIDENDS, at least \$155.

666.714. If now the institutions operating on this aggregate capital, make annual dividends of six per cent, (mere legal interest,) the total amount thus divided will be \$9,340,002. The total profits of the whole labor of the commonwealth, are, as we have seen, \$13,171,039, of which sum \$9,340,002 go to the clear profits of capital, while only \$3,831,037 remain to be distributed as profits among the laboring people.

6. A Mutual Bank holding real estate in pledge to the value of, say \$10,000,000, and located in Boston, (where there is no lack of houses, and other property that might be pledged) would immediately relieve the pressure in the money market; for such a Bank would furnish an excellent *local* currency for the whole State, to at least as far back as the Connecticut River, thus leaving the bills of the old Banks to serve exclusively for COMMERCIAL PURPOSES.

7. But certain mechanics say, don't talk to us about the Mutual Bank, which is advantageous chiefly to the farmer; we go in for co-operative labor, and for the associated workshop.

There is nothing like selfishness to blind a man's eyes to his own true interest. The Protective Union Store and the Mutual Bank can exist very well without the Associated Workshop, but the Associated Workshop cannot exist for a single day without the Mutual Bank and the Protective Union Store.

The Associated Workshop ought to be an organisation of personal credit. For what is its aim and purpose? Is it not the emancipation of the laborer from all dependence upon capital and capitalists? A generous sentiment is one thing; the means whereby a poor man may be enabled to act generously, is something quite different. You talk of co-operative labor; what do your words signify? In establishing your Associated Workshop, you perhaps call on each associate to contribute a certain amount of money towards the formation of a *capital* on which the association is to go into operation. But where is the novelty of your scheme? Do you not see that your so called association, is a capitalistic joint stock company? You who are members of this company, may—nay, in all probability

*will*—be benefitted : but we cannot see how your new partnership is to forward the solution of the problem of associated labor. If the working men have joint stock companies enough, to compete with now, we do not see how you are to benefit your fellow laborers by creating a new capitalistic organisation.

Perhaps you raise no such fund, no such capital. But how are you going to purchase your raw material ? How are you going to feed and clothe your associated laborers, their wives, and children ? If you borrow money, and pay interest on it, your association will bear a great resemblance to millions of partnerships, which borrow money, and pay interest, without ever once supposing they are doing anything very astonishing. How do you advance the cause of labor by putting your associated neck under the heel of capital ? Your talk about “the emancipation of labor” is wind and vapour ; labor cannot be emancipated by any such process.

But you say, now we have hit it : commerce is beginning to be organised on equitable principles, through the instrumentality of the Protective Union Stores ; we will form a league with the Union Stores : we will buy of them our raw material, the means of subsistence, our tools, &c., *on credit*, and will pay our debts, when we have sold our manufactured articles. All this sounds very well, but it is pure delusion. The members of the Union Stores are as selfish as you are : they organise for the purpose of buying cheap, and not for the purpose of assisting Associated Workshops. The Union Store *does not give credit*, and by its very nature *cannot give credit*. The Union Store that should bind itself to give credit to an Associated Workshop, would become a joint stock concern, the shares in which would be owned, not by the members of the store, but by the members of the workshop. What guarantee can you give that you will work, and pay your debts ? Even if you work, what guarantee can you give that your articles will find a sale in the market ? What advantages can you hold out to the members of the Union Store, to induce them to take all the risk of

your business ? You perish, if you do not get credit, and the Union Store gives no credit. The Associated Workshop is built on the affirmation of credit ; and the Union Store on the negation of credit. Do you not see that the store and the workshop mutually contradict and exclude each other ? They are as oil and water ; where will you get your potash to make them mingle ? You must be generous, and help the farmers to establish their Bank ; for the Farmers' Bank is the alkali for the want of which you perish.

The Mutual Banks will furnish a currency that you may readily obtain on personal credit from the farmers, and one that may safely be taken at the Union Stores in exchange for commodities. Here the oil and the water mix. A farming community always desires to exchange its produce as directly as possible for manufactured articles : the farmers will, therefore, if they know you personally, and have confidence in you, gladly furnish you the means of establishing yourselves in their neighborhood. Their mutual money will be good in payment for produce, and for articles sold at the store. When you obtain some property of your own, you can issue your own money. Here comes your jealousy again ! You say, What is this but making the farmers capitalists ? Listen a moment ; the question is just here : would you prefer to pay *six* per cent. : for your money—or, rather, would you prefer not to get it at all ; since a man who has no security to offer, runs a hard chance in borrowing money—to receiving it from your brethren, who labor on the land, and are willing—nay, desirous—to lend it to you at *one* per cent ? You say ; As civilisation advances, the rate of interest falls ; we prefer to wait our time. This is an unworthy answer. The rate of interest is high wherever civilisation is *advanced*, and where laboring men are able to compete with capital ; for it is the competition of the enterprising class that raises the rate of interest. Interest is low in England, because there civilisation is *declining*, because the laboring class is there so degraded that it works always at the precise wages which will enable it to support life, whatever may be the

chance which an enterprising man might see for competition. In England, laboring men compete with each other for bread to put in the mouths of their families. Besides, we should like to see an operative in an English factory borrowing money, be the rate of interest as low as it may. In our Western States, where laboring men are sometimes sent to Congress, the rate of interest is 10 and 12 per cent. The diminution of the rate of interest is always in proportion to the degradation of the working class. Some caviller will say here, Why then do you recommend the Mutual Bank, which is to bring interest down to one per cent? We will not answer this caviller; for if he is so stupid as not to see that one order of consequences flows from the old system, and that an entirely different order will flow from the mutual system, he is too stupid to understand our reply to his question.

The triple formula of practical mutualism may be seen in the subjoined table.

<i>Position.</i>	<i>Contradiction.</i>
THE ASSOCIATED WORKSHOP.	THE PROTECTIVE UNION STORE.
<i>Production.</i>	<i>Consumption.</i>
	<i>Reconciliation.</i>
	THE MUTUAL BANK.
	<i>Exchange.</i>

But this reconciliation will not take place until the mutual money gets into general circulation; for, until then, the Union Stores cannot receive the money with profit and safety to themselves.

8. Let us suppose the Mutual Bank to be at first established in a single town, and its circulation to be confined within the limits of that town. The trader who sells the produce of that town in the city, and buys there such commodities—tea, coffee, sugar, calico, &c.—as are required for the consumption of his neighbors, sells and buys on credit. He does not pay the farmer cash for his produce, he does not sell that produce for cash in the city, neither does he buy his groceries

&c., for cash from the city merchant: but he buys of the farmer at—say 8 months credit, and he sells to the city merchant at—say 6 months credit. He finds moreover, as a general thing, that the exports of the town, which pass through his hands, very nearly balance the imports that he brings into the town for sale: so that, in reality, the exports—butter, cheese, pork, beef, eggs, &c.—pay for the imports—coffee, sugar, &c. and how indeed could it be otherwise? It is not to be supposed that the town has silver mines and a mint; and, if the people pay for their imports in money, it will be because they have become enabled so to do by selling their produce for money. It follows, therefore, that the people in a country town do not make the money whereby they pay for store goods, off of each other; but that they make it by selling their produce out of the town. There are, therefore, two kinds of trading going on at the same time in the town, one trade of the inhabitants with each other, and another of the inhabitants, through the store, with individuals living out of town. And these two kinds of trade are perfectly distinct from each other. The mutual money would serve all the purposes of the internal trade; leaving the hard money and paper based on hard money, to serve exclusively for the purposes of trade that reaches out of the town. The mutual money will not prevent a single dollar of hard money or paper based on hard money, from coming into the town; for such hard money comes into the town, not in consequence of exchanges made between the inhabitants themselves, but in consequence of produce sold abroad. So long as produce is sold out of the town, so long will the inhabitants be able to buy commodities that are produced out of the town; and they will be able to make purchases to the precise extent that they are able to make sales. The mutual money will therefore prove to them an unmixed benefit: it will be entirely independent of the old money; and will open to them a new trade entirely independent of the old trade. So far as it can be made available, it will unquestionably prove itself to be a

good thing ; and where it cannot be made available, the inhabitants will only be deprived of a benefit that they could not have enjoyed—mutual money or no mutual money. Besides, the comparative cost of the mutual money is almost nothing ; for it can be issued to any amount on good security, at the mere cost of printing, and the expense of looking after the safety of the mortgages. If the mutual money should happen at any particular time not to be issued to any great extent, it would not be as though an immense mass of value was remaining idle, for the interest on the mutual money is precisely 0. The mutual money is not itself value, but a mere medium for the exchange of values,—a mere medium for the facilitation of barter.

But it should be noticed that when the trader who does the out of town business of the inhabitants, buys coffee, sugar, &c., he does not pay cash for them, but buys them at, say six months credit. Now the existing system of credit causes, by its very nature, periodical crises in commercial affairs : when one of these crises occurs, the trader will say to the city merchant : “ I owe you so much for groceries ; but I have no money, for times are hard ; I will give you, however, my note for the debt.” Now we leave it to the reader.—Would not the city merchant prefer to take the mutual money of the town to which the trader belongs, money that holds all the real estate and produce offered for sale, and to be offered for sale, in that whole town, rather than the private note of a trader who may fail within a week ? The town cannot fail disastrously ; for the real property is always there, rooted in the very ground.

Let an inhabitant of the town owe \$100 to an inhabitant of an adjoining town, and go to his creditor, saying : “ Times are hard ; I find it impossible to procure hard money, or paper based on hard money, wherewith to pay my debt to you ; but here are \$100 in mutual money, which you can have if you are willing to take them.”—What will the creditor say in reply to all this ? We venture to affirm that he will say, “ I had rather have hard money ; but, as I have many dealings with the people of your town, I will take your mutual money in preference to

running my chance of never getting paid."—If there were no mutual money, it is possible that this creditor might never be paid at all; and the mutual money is an evident advantage to him, since he prefers to receive it rather than to take his chance of ultimate payment in hard money. If, under the existing system, all transactions were settled on the spot, in cash, things would be different: but, as almost all transactions are conducted on the credit system, and as the credit system necessarily involves periodical commercial crises, the mutual money will find very little difficulty in ultimately forcing itself into general circulation. The Mutual Bank is like the stone cut from the mountain without hands; for let it be once established in a single village, no matter how obscure, and it will grow till it covers the whole earth.—Nevertheless, it would be better to obviate all difficulty, by starting the Mutual Bank on a sufficiently extensive scale at the very beginning.

Either the old banks *will* take the mutual money at their counters in payments, or they *will not*. If they take it, then the mutual money is on an exact level with their money, even in the matter of redemption in specie; and who will pay six per cent. for money at the old bank, when he can get paper of an equally desirable quality at the Mutual Bank for one per cent.? If they do not take it, the Mutual Bank will nevertheless take theirs; and whenever one of their bills comes into the Mutual Bank, it will be at once presented for redemption in specie. What other course can the Mutual Bank follow under the circumstances? The tables cannot be turned on the Mutual Bank, since it does not redeem its bills in specie. In the year 1849, the banks of Massachusetts had out 9 1-2 dollars in paper for every one dollar wherewith to redeem them. We leave it to the reader to determine whether it is the Mutual Bank, that has occasion to dread the hostility of the specie paying bank, or whether it is the specie paying bank that has occasion to dread the hostility of the Mutual Bank? The Mutual Bank asks no favors from capital: its motto is, "Let the hardest fend off!"

9. The bill of a Mutual Bank is not a standard of value, since it is itself measured and determined in value by the silver dollar. If the dollar rises in value, the bill of the Mutual Bank rises also, since it is receivable in lieu of a silver dollar. The bills of a Mutual Bank are not standards of value, but mere instruments of exchange ; and as the value of the Mutual money is determined, not by the demand and supply of the mutual money, but by the demand and supply of the precious metals, the Mutual Bank may issue bills to any extent, and those bills will not be liable to any depreciation from excess of supply ; and, for like reasons, the mutual money will not be liable to rise in value if it happens at any time to be scarce in the market. The issues of said mutual money are therefore susceptible of any contraction or expansion which may be necessary to meet the wants of the community ; and such contraction or expansion cannot by any possibility be attended with any evil consequence whatever ; for the Silver Dollar, which is the standard of value, will remain throughout, at the natural valuation determined for it by the general demand and supply of gold and silver through the whole world.

10. A bank is an Insurance Company that insures business paper : the price of such insurance is called *interest*. When you get your notes discounted at a Bank, you exchange paper for paper ; you give promissory notes, and you receive promissory notes. You give your note to the Bank, and pay interest on it for the time it has to run : the Bank gives you its notes in return, but says nothing about paying any interest. Your notes are worth more than those of the Bank, since they bear interest ; but, on the other hand, the notes of the Bank are worth more than yours are, since they are adequately *guaranteed*, and therefore fitted to serve as currency.

Banks, like other insurance companies, may be conducted on the joint stock, or on the mutual plan. When they are conducted on the joint stock plan, the insurers and insured are usually quite different persons. The persons insured, pay

the interest money ; and the rate of interest is always put sufficiently high to cover, not only the insurance, but also a certain *profit* : this profit is distributed among the insurers under the form of *dividends*. When Banks are conducted on the mutual plan, the insurers and the insured are generally the same persons : the borrowers pay the interest money, but as the borrowers are themselves the lenders, all the profit, that is, all the excess of earnings over the bare insurance, and bare expense of conducting the business, goes back into the pockets of those who originally pay the interest money. In other words, the Mutual Bank can lend money at a less rate than the joint stock company ; and the difference in the rates will be precisely equal to the whole rate of *profit* on the ordinary transactions of the joint stock company. *For the Mutual Bank lowers the rate of interest instead of declaring a dividend.* Individuals join the Mutual Banking Companies, not for the sake of dividends, but for the sake of facilities in procuring money.

11. How are the affairs of the Mutual Bank to be **CLOSED** ? When the company votes *to issue no more money*, the bills it has already issued will be returned upon it : for, since the bills were issued in discounting notes running to maturity, the debtors of the Bank, as their notes mature, will pay in the bills they have received. When the debtors have paid their debts to the Bank, then the bills are all in, every debtor has discharged his mortgage, and the affairs of the Bank are **CLOSED**. For, if any debtor fails to pay, the Bank sells the property he has mortgaged to it, and pays itself.—The Bank loans at a rate of interest that covers its bare expenses : it makes therefore no profits, and consequently can declare no dividends. It is by its nature incapable of owing anything, since its bills are redeemable, not at its own counter, but at the places of business of its members ; it has therefore no debts to settle. When all the *debtors* have paid their debts to the Bank, then nobody owes anything to the Bank, and the Bank owes nothing to anybody.

In case some of the debtors of the Bank redeem their notes, not in bills of the Mutual Bank, but in specie, and in bills of specie paying banks, then the bills of the specie paying banks will be at once presented for redemption at the institutions that issued them; and an amount of specie will come into the hands of the Mutual Bank, precisely equal to the amount of its own bills still in circulation. For, since the Mutual Bank never issues money except in discounting notes running to maturity, the notes of the debtors to the Bank precisely cover the amount of the Bank's money in circulation. When this specie comes into the hands of the Bank, it deposits it at once in some other institution; which institution assumes the responsibility of redeeming at sight such of the bills of the closed Bank as may be at any time thereafter presented for redemption. And such institution will gladly assume this responsibility, since it is probable that many of the bills will be lost or destroyed, and therefore never presented for redemption: and such loss or destruction, will be a clear gain to the institution assuming the responsibility, since it has specie turned over to it for the redemption of every one of the bills that remains out.

12. Finally. Let us conceive for a moment of the manifold imperfections of the existing system of banking. In Massachusetts, as we have already said, the banks had out, in the year 1849, nine and one half dollars of paper for every one dollar of specie in their vaults wherewith to redeem them. Can anything be more absurd than the solemn promise made by the banks, to redeem nine and one half paper dollars with one dollar in specie? They might get along very well with this promise in a time of profound calm, but what would they do on occasions of panic? The paper issued under the existing system is an article of merchandise, varying in price with the variations of supply and demand; it is therefore unfit to serve as a medium of exchange. The banks depend on the merchants, so that when the merchant is poor, it falls out that the bank is always still poorer: of what use is the

if it calls in its issues in hard times, the very occasions when increased issues are demanded by the wants of the community ? The existing bank reproduces the aristocratic organizations : it has its Spartan element of privileged stockholders, its Laconian element of obsequious speculators and note-shavers, and, on the outside, a multitude of Helots who are excluded from its advantages. Answer us, reader ; if we were able, at this time, to bring forward the existing banking system as a new thing, and should recommend its adoption, would you not laugh in our face, and characterize our proposition, as ridiculous ? Yet the existing system has an actual and practical being, in spite of all its imperfections : nay, more, it is the ruling element of the present civilization of the Christian world ; it has substituted itself, or is now substituting itself, in the place of monarchies and nobilities. Who is the noble of the present day, if not the man who lends money at interest ? Who is the emperor if not baron Rothschild ? Now if the present system of banking is capable of actual existence, how much more capable of actual existence is the system of *Mutual Banking* ! Mutual Banking combines all the good elements of the system now in operation, and is capable of securing a thousand benefits which the present system cannot compass, and is moreover free from every one of its disadvantages.

## VALUE.

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The question of the measure and standard of value, deserves a more extended consideration.—Value in exchange is regulated by supply and demand. If the supply of any article remain constant, while the demand rises or falls, the price will rise or fall: and, on the contrary, if the supply increase or diminish, while the demand remains constant, the price will fall or rise. And, again, if both supply and demand so vary as constantly to remain in the same ratio of proportion, the price will remain constant. We have the foot, or yard, as the unit of measure for length; the quart, or barrel, as the unit of measure for quantity; the ounce, or pound, as the unit of measure for weight; &c. Value varies—like weight, length, or quantity—and its variations are regular; that is, subjected to certain laws; value is, therefore, susceptible of being measured. But how shall we determine the unit of measure for value? *In this country, the DOLLAR has been adopted as that unit of measure.* But the dollar, *as the measure of value*, is one thing: while silver and gold at a certain degree of fineness, *as the standard of value*, are another, and a quite different thing.—The capacity of the quart measure, and the material of which the vessel is made, are quite different things. For the dollar, as measure of value, need have no actual, but only an ideal, or abstract, existence. It is said there are certain African tribes who calculate the value of things in a sort of money account, called *macutes*: they say one thing is worth ten, another fifteen, another twenty macutes: but no one ever saw or handled the macute, since it is no real thing, but a mere conventional

unit for the more convenient comparison of values with one another.

Yet, as it is necessary for practical purposes to have a piece of wood a yard long, with which to measure length, and a tin or wooden vessel capable of containing a quart, to measure quantity, so it is necessary to actualise the dollar in some valuable material, that we may bring it down from the heaven of abstractions, and fit it to subserve the relations of this terrestrial sphere. All value is determined by the ratio of supply and demand ; if, therefore, we find some commodity with respect to which the ratio of supply and demand is always constant, we find a commodity whose price is invariable, a commodity eminently well suited to furnish a material for the construction of the actual and visible unit of measure. But there is no such commodity. The silver dollar varies in value with the varying supply and demand for silver as an article of trade. The shop-keeper puts his yardstick under his counter, his silver in his till, locks up, and goes to bed : the next morning, his yardstick will measure off a yard precisely as it did the day before ; but his silver dollar will measure the same value, only in the case that the ratio of the demand and supply of silver has not varied in the course of the preceding eight hours. Such a variation may be caused by an increased or decreased demand for silver to be used in the arts, by an importation or exportation of the precious metals, by an emission or a calling in of bank paper, or by other causes ; and it will be manifested under the form of a variation in the price of merchandise. A commodity whose price should remain constant under all circumstances, would be a perfect *standard* of value. There is no such perfect standard ; and therefore no commodity perfectly adapted to serve as the material for the construction of the actual and visible unit of value. Silver, taken as a standard of value, is found in practice to be less fluctuating, more universal, and more definite, than any thing else. In this country, silver is the standard of value, and the dollar the unit of measure. Gold also is a standard of value, since its price is fixed by law ;

but, in this country, the value of gold is estimated in terms of the silver dollar.

It is affirmed by some, that *labor* is the only true measure of value, that every thing is worth precisely what it costs in labor to produce it, and that the price of every thing ought always to be determined by the relative amount of labor expended in its production. We would remark, in answer to these affirmations, that there is such a thing as misdirected labor; and that a man may produce an article for which there is no demand, and which has, consequently, no exchangeable value. Again, Peter, working upon a poor soil, may, with an incredible expenditure of labor, produce a bushel of corn, while John, working on rich land, may raise a like quantity, in the same time, and with comparatively little labor: now we venture to affirm that the market value of these two bushels of corn, will (and ought to) depend, not on the relative quantities of labor expended in their production, but on the relative excellence of the grain: and if the bushel raised by Peter be of precisely the same quality as that raised by John, it is very probable that both bushels will sell in the market at precisely the same price. Price, or value, is therefore, determined by the law of supply and demand.

The utility of an article is one thing, its value is another, and the cost of its production is still another. But the amount of labor expended in production, though not the measure, is, in the long run, the *regulator* of value. For every new invention which abridges labor, and enables an individual or company to offer an increased supply of valuable articles in the market, brings with it an increase of competition; for if one man by a certain process can produce an article valued in the market at \$1.00, in a half a day's labor, other men will take advantage of the same process, and undersell the first man, in order to get possession of the market: thus, by the effect of competition, the price of the article will probably be ultimately reduced to 0.50. Labor is the true regulator of value; for every laboring man who comes into competition with others,

increases the supply of the products of labor, and thus diminishes their value, while at the same time, and because he is a living man, he increases the demand for those products to precisely the same extent, and thus restores the balance; for the laborer must be housed, clothed, and subsisted by the products of his labor. Thus the addition of a laboring man, or of any number of laboring men, to the mass of producers, ought to have no effect, either upon the price of labor, or upon that of commodities; since, if the laborer by his presence, increases the productive power, he, at the same time, increases the demand for consumption. We know that things do not always fall out thus in practise, but the irregularity is explained by the fact that the laborer, who ought himself to have the produce of his labor, or its equivalent in exchange, has, by the present false organisation of credit, his wages abstracted from him. Want and over production arise sometimes from mistakes in the direction of labor, but generally from that false organization of credit which now obtains throughout the civilized world. There is a market price of commodities, depending on supply and demand, and a natural price, depending on the cost of production; and the market price is in a state of continual oscillation, being sometimes above, and sometimes below, the natural price; but, in the long run, the average of a series of years being taken, it coincides with it. It is probable that under a true organization of credit, the natural price and the market price would coincide at every moment. Under the present system, there are no articles whose market and natural prices coincide so nearly and so constantly as those of the precious metals: and it is for this reason that they have been adopted by the various nations, as standards of value.

When Adam Smith and Malthus\* say that labor is a meas-

\* Malthus says—we quote the substance, and very possibly the exact words, though we have not the book by us:—“*If a man is born into a world already occupied, and his family is not able to support him, or, if society has no demand for his labor, that man has no right to claim any nourishment whatever; he is really one too many on the earth. At the great banquet of na-*

ure of value, they speak, not of the labor which an article *cost*, or ought to have cost, in its production, but of the quantity of labor which the article may purchase or command. It is very well for those who write out the philosophy of speculation on human misfortune and necessities, to take for measure of value the amount of labor which different commodities *can command*. Considered from this point of view, the price of commodities is regulated not by the labor expended in their production, but by the distress and want of the laboring class. The greater the distress of the laborer, the more willing will he be to work for low wages, that is, the higher will be the price he is willing to give for the necessities of life. When the wife and children of the laborer ask for bread, and he has none to give them, then, according to the political economists, is the community prosperous and happy ; for then the rate of wages is low, and commodities command a high price in labor. There is no device of the political economists so infernal as the one which ranks labor as a commodity, varying in value according to supply and demand : neither is there any device so unphilosophical ; since the ratio of the supply of labor to the demand for it, is unvarying ; for every producer is also a consumer, and rightfully, to the precise extent of the amount of his products—the laborer who saves up his wages, being, so far as society is concerned, and in the long run, a consumer of those wages. The supply and demand for labor is unvarying, and its price ought therefore to be constant. Labor is said to be *value*, not because it is itself merchandise, but because of the values it contains as it were in solution, or, to use the correct metaphysical term, *in potentia*. The *value of labor* is a figurative expression, and a fiction like the *productiveness of capital*. Labor, like liberty, love, ambition, genius, is something vague and indeterminate in its nature, and is rendered definite by its object only : misdirected labor produces no value. Labor

*ture, there is no plate laid for him. Nature commands him to take himself away: and she will by no means delay in putting her own order in execution."*

is said to be valuable, not because it can itself be valued, but because the *products of labor* may be truly valuable. When we say: *John's labor* is worth a dollar a day, it is as though we said: The *daily product of John's labor* is worth a dollar. To speak of labor as merchandise, is treason: for such speech denies the true dignity of man, who is the king of the earth: Where labor is merchandise *in fact* (not by a mere inaccuracy of language) there man is merchandise also, whether it be in England or South Carolina.

*The California Gold.*

We are told that there is no present necessity for agitating the subject of Mutual Banking, and for the reason that there is an apparent prospect, on account of the great importations of gold, of our soon being in full enjoyment of a currency composed entirely, or almost entirely, of the precious metals. But the hope of escaping from the fangs of usury, by means of a currency composed of gold and silver—metals that are, and always will be, an article of merchandise—is altogether illusory.—The California gold passes into general circulation by a very gradual process. When those who direct industry, and are engaged in trade, get it into their hands, they are enabled to employ a greater number of workmen. As these workmen spend their money in the market, farmers, gardeners, and others, increase their production, to meet the increasing demand. Thus the influence of the metal spreads from one class to another, until the whole community is leavened. The general demand for products increasing as the influence of the gold increases, one class of products after another will be enhanced in relative value: at last, the general level of the value of all commodities will so rise as to be in the same relative proportion to the whole mass of gold in the country, as it was to the mass that existed before the importations took place. This would appear, indeed, like an enhancement of

the price of commodities ; but it is, in reality, a depreciation in the price of gold.

The value of gold is determined by the general law of supply and demand. If the supply and demand for silver remain unchanged—and we believe no new extensive silver mines have been, as yet, discovered—the variation of the value of gold in regard to silver, will be as marked as its variation in regard to any other commodity. If the amount of gold contained in an eagle, can be bought in the market for five silver dollars, private individuals will buy gold, coin it themselves, and pay their debts—to their own manifest great advantage—in the money thus coined. While the process of introducing the new gold is going on, all industry will be quickened : but ultimately, things will settle down in very nearly their old condition. The gradual appreciation in the price of commodities, will be found to have been nothing other than a gradual depreciation in the price of gold. The new supply will make money plenty for a little while ; but mainly in the sense of enabling debtors to discharge their obligations in a depreciated currency. It also, by this diminution of distress on the part of debtors, will operate temporarily to reduce the rates of interest. But all this must soon come to an end ; and then the principles that govern the rates of interest will apply as they did before. For, either the gold will continue to flow in as it has done, in which case it will rapidly depreciate and vary constantly, even in the rate of depreciation, and for that reason be rejected, by common consent, as a standard of value, and thus become a mere article of merchandise, or, the conditions of its production in California will become regulated, and everything will settle down as it was before—with this difference, however, that the ounce of gold, estimated in terms of silver, and of other commodities, will command a certain determinate per centage less than it did before. The importations of gold will operate, to a great extent, as a general bankrupt law ; but they will not accomplish the purposes of Mutual Banking. The Mutual Bank aims, not to

operate as a bankrupt law, but to furnish a safe and stable currency, that may always be loaned—and to any amount on good security—at a fixed rate of 0 per cent.

The opinion that the price of the precious metals may be arbitrarily determined by law, is a vague dream. The experience of the governments that have attempted to establish an arbitrary currency, is explicit on this head. When a gold eagle that is intrinsically worth only \$5, becomes a legal tender at a valuation of \$10, manufactories of gold eagles will be set up in every country in Christendom. If the number of silver dollars in the world should suddenly be doubled, each dollar might still remain nominally a dollar, but it would be worth only fifty cents; the governments might insist on our continuing to call it a dollar, but they could not prevent us from marking up the price of our goods. But there is no necessity for dwelling at any length on this subject.

### *Mutual Money.*

The bills of Mutual Banks act merely as a medium of exchange: they do not, and cannot, pretend to be measures or standards of value. The medium of exchange is one thing, the measure and standard of value are another.—The shop-keeper may sell a yard of cloth, without handing over the yardstick itself to his customer! The dollar is the measure of value, silver the standard; and the bill of a Mutual Bank is a bill of exchange, drawn by all the members of the banking company upon themselves, endorsed and accepted by themselves, payable at sight, but only in services and products. The members of the company bind themselves to receive their own money at par, that is, *in lieu* of as many *silver dollars* as are denoted by the denomination on the face of the bill. Services and products are to be estimated in dollars, and exchanged for each other without the intervention of specie. And, although the Mutual Bank recognises the dollar as the measure, and silver as the standard of value, no inconvenience

would result to a community using mutual money, if every dollar of specie should leave their country. Silver dollars existing in England, would serve us as a standard and measure of value equally well with silver dollars existing here, if we used mutual money as a medium of exchange. In the beginning, when Mutual Banks are first established, silver dollars will remain in men's minds as the standard of value and the unit of measure: but gradually, as the idolatry of silver fades out in the hearts of men, the idea of the silver dollar will be transformed into that of a wholly abstract, unactual, *acute* dollar.

Mutual money possesses manifold advantages; it cannot be monopolised or speculated upon; its establishment will, therefore, be the signal for the immediate transformation of the relations of capital and labor. The market value of commodities will, under the influence of mutual money, tend rapidly to coincidence with their natural value. Labor will receive its just reward. The supply of money will be commensurate with the supply of exchangeable commodities. No variation in the supply of money will affect its value; it will never *rise* by reason of scarcity, nor fall by reason of an excess of issues. The great problem of social science will be practically solved, and money will become—no longer a commodity, but—a mere medium of exchange. Mutual money, which neither is, nor can be, a commodity, escapes the law of supply and demand, by transcending it. When money once becomes independent of the law of supply and demand, labor will also become independent of the same law; and, thenceforward forever, it will be impossible for one man to speculate, as at present, upon the misfortunes of other men. The unlimited supply of mutual money will not operate to diminish the value of gold and silver as materials useful in the arts; it will merely operate to destroy the false value which money acquires in the hands of those who monopolise it; that is, it will operate to the annihilation of the rate of interest. At present, certain men get the property of the community into their hands, excommunicate all others from it, and then refuse to raise the interdict of excom-

munication until after a high tax has been paid to them under the form of rent or interest. Under the mutual system, the Bull of Excommunication will be fulminated in vain; it will inconvenience no one; it will terrify no one; it will growl and mutter in a vacuum.

## CAPITAL.

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THE most concise and expressive definition of the term capital, which we recollect to have seen in the writings of the political economists, is the one furnished by J. Stuart Mill, in his table of contents. He says : “ *Capital is wealth appropriated to reproductive employment.*” There is indeed a certain ambiguity attached to the word *wealth*, but let that pass : we accept the definition. Now how are capitals formed ? A tailor has five dollars in money, which he proposes to employ in his business : this money is unquestionably capital, since it is wealth appropriated to reproductive employment ; but it may be expended in the purchase of cloth, in the payment of journeymen’s wages, or in a hundred other ways ; what kind of *capital* then is it ? It is evidently *disengaged capital*. Let us say that the tailor takes his money, and expends it for cloth ; this cloth is also devoted to reproductive employment, and is therefore still capital—but what kind of capital ? Evidently *engaged capital*. He makes this cloth into a coat, which coat is more valuable than the cloth, since it is the result of human labor bestowed upon the cloth. But the coat is no longer capital ; for it is no longer (so far at least as the occupation of the tailor is concerned) capable of being appropriated to reproductive employment : what is it then ? It is that for the creation of which the capital was originally appropriated—it is *product*. The tailor takes this coat, and sells it in the market for eight dollars ; which dollars become to him a new *disengaged capital*. The circle is complete ; the coat becomes en-

gaged capital to the purchaser; and the money is disengaged capital, with which the tailor may commence another operation. Money is disengaged capital, and disengaged capital is money. Capital passes, therefore, through various forms: first it is disengaged capital, then it becomes engaged capital, then it becomes product, and lastly it is transformed again into disengaged capital; after which it recommences its circular progress. The farmer, indeed, who saves his seed, turns over a portion of his capital without causing it to pass through all these forms: nevertheless, *all disengaged capital is money*. It is thus that capitals are formed.

Some one may object that capitals were formed,—that “wealth appropriated to reproductive employment,” was created and saved up—before any currency whatever was adopted. We acknowledge the validity of the objection: but why waste time in the consideration of these curiosities? Shem, Ham, and Japhet expended their labor upon the earth, and saved provisions and seeds for ensuing winters and springs; they built houses, and those houses were a part of their capitals; for those houses sheltered them from the weather, and thus enabled them to work to better advantage. We acknowledge all this: but will not the objector acknowledge that men are born at the present day into a world where the raw material is appropriated? a world where no man destitute of tools and a certain amount of education can successfully compete in the arena of production? It is of little consequence to us to know what order of industry prevailed immediately after the flood: the question that concerns us, is this: How shall *we*, who are children of the nineteenth century, obtain the amount of capital—raw material, tools, subsistence, &c—that will enable us to compete with our fellows of the present generation?—When the children of the nineteenth century obtain capital, they obtain money; and when they obtain money, they obtain capital: to them, capital is money, and money is capital.

But all money is not the same money: there is one money of gold, another of silver, another of brass, another of leather, and

another of paper : and there is a difference in the glory of these different kinds of money. There is one money that is a commodity, having its exchangeable value determined by the law of supply and demand ; which money may be called (though somewhat barbarously) *merchandise-money* ; as, for instance, gold, silver, brass, bank-bills, &c. ; there is another money, which is not a commodity, whose exchangeable value is altogether independent of the law of supply and demand, and which may be called *mutual money*. But merchandise-money reigns at the present day, having the foundations of its kingdom firmly fixed in custom, law, and false religion. The Silver Dollar is the god of this world.

The merchandise-money now in circulation (the currency,) is a commodity offered for sale in the market. The demand for such money is commensurate with the full supply of all other commodities ; for a man wants only so much hay as his cow can eat, so many clothes as his family can wear, the natural demand for these things being limited ; but what is the limit of the demand for money ? Money is in demand so long as any thing desirable is offered for sale. Bread is valuable, clothes are valuable, hay is valuable, but money, which can command all these, is immeasurably more valuable : and, for this reason, he that has cloth, and hay, and timber, and other commodities, will sell whatever he hath, and buy money. The producer—if he would prosper—must be attentive, not only to his production, but also to the state of the market ; for the capital which he is striving to form, will depend for its magnitude, not only upon his skill, fidelity, and industry, but also upon the price of money, and the relative demand for the article he offers for sale. Many a tailor has carried his coat to a market where coats were at once voted *over production*, not because there were no men there with bare backs, not because there was no real demand for coats, but because there was no *money demand* for them. Money is that which effects the exchanges between the tailor and the baker : for when there is no money, the tailor has too many coats, the baker has too much bread, and

there is *over production* on both sides. For how can the tailor buy bread, or the baker coats, without money? A coat is worth ten dollars, a loaf of bread five cents; and the coat cannot be divided without a destruction of value. The tailor cannot work on an empty stomach; the bread that he eats is, therefore, a part of his capital; for "capital is wealth appropriated to reproductive employment." The baker, in like manner, cannot keep himself in health, cannot keep himself fitted for useful labor, if he have no coat, if his back be exposed to the winter winds. The coat the baker wears, is therefore a part of the baker's capital. The community is happy and prosperous, when the baker feeds the tailor and carpenter, when the tailor clothes the baker and carpenter, when the carpenter houses the baker and tailor, when, in short, all orders and professions of men mutually bestow upon each other the necessaries and comforts of life, each giving, and each receiving, a just equivalent: that is, the community is happy and prosperous when money circulates freely, and each man is able with facility to transform his *product* into *disengaged capital*; for, with disengaged capital, or money, men may command such of the products of labors as they desire, to the extent at least of the purchasing power of their money.

The community is unhappy, unprosperous, miserable, when money is scarce, when exchanges are effected with difficulty. For notice that in the present state of the world, there is never real over-production to any appreciable extent: for whenever the baker has too much bread, there are always laborers who could produce that of which the baker has too little, and who are themselves in want of bread. It is when the tailor and baker cannot exchange, that there is want and overproduction on both sides. Whatever therefore, has power to withdraw the currency from circulation, has power also to cause trade to stagnate, power to overwhelm the community with misery, power to carry want, and its correlative, overproduction, into every artisan's house and workshop. For the transformation of produce into disengaged capital, is *one of the regular steps*

*of production*, and whoever withdraws the disengaged capital (or money) from circulation, at once renders this step impossible, and thus puts a drag on all production.

*Social Unity.*

The books of grammar teach us that collective nouns, the names of kinds and sorts, do not designate realities; but the books of grammar are not always good authority in matters of philosophy and social economy. We must endeavor to divest ourselves of the prejudice which causes us to see in society nothing but a being of the mind, or rather an abstract name, serving to designate a collection of men. The doctrine of ultra individualism is philosophically false. Let the reader not be alarmed: we do not propose to tax his patience, at this time, with a discussion of the questions agitated during the middle ages, by the realists and nominalists. To the true philosopher and economist, society is a LIVING BEING, endowed with an intelligence and an activity of its own, governed by special laws, which are discoverable by observation, and by observation only, and whose existence is manifested, not under a material aspect, but by the concert, and by the close mutual dependence, of all the members of the social body. Labor, in becoming divided, gives rise to the phenomena of exchange and social circulation. The movement of money is the realisation, the concrete and material expression, of the—as it were mystical—inter-dependence of men on each other. When there shall exist, in the community, a perfect circulation, that is, an exact and regular exchange of products for products, the mutual dependence of man upon man will be organised; labor will be definitively regulated; and just wages, the only legitimate revenue, will be guaranteed. If the reader will meditate on the laws of labor and exchange, the reality—we dare not say, the personality—of the collective man, will be as evident to him, as is now the reality and personality of the individual man.—But, as this discussion threatens to take

a metaphysical turn, we divert it, at once, into a plainer and more practical channel.

*An Illustration. \**

Let us suppose a man to own a gold watch. Let us listen to him while he endeavors to justify himself in retaining possession of it. He says :

The gold in this watch was dug out of the ground by the miners of Peru—those miners have labored for me: the gold was carried on mules across the mountains to the sea shore—the muleteers have labored for me: it was carried to Liverpool in a ship—the captain and sailors have labored for me: the watchmaker bought the gold, and made the watch—the watchmaker has labored for me. Again, the miners of Peru could not have labored without tools: therefore the tool-maker in Birmingham, the English miner who produced the iron for the tools, the carpenter who fitted the handles, the boatman who transported them to Liverpool, and the sailors who manned the ship which carried them to Peru, the merchant who sold the tools to the gold diggers, all these have labored for me. But where shall I stop? The ship-builder has worked for me also, as well as the captain and the sailors—the man who made his tools, and the man who clothed and fed this last man, and the man whose labor enabled this last man to feed and clothe the last but one, and all who made tools for all these, and all who dug iron that these tools might be made—all these have labored for me. But what shall I say of the canvass of the ships, of the hemp of which the ropes are made?—and as yet I have spoken of the production of the gold only: what shall I say when I come to render an account of the brass, the steel springs, the jewels, and the glass crystal, which go to make up the watch?

\* This illustration is reproduced from the pamphlet on "Equality," published last year.—[EQUALITY. West Brookfield, Mass. O. S. Cooke & Co. 12 mo. pp 74.

But I will not parody the history of "the house that Jack built." What do I know about it?—Perhaps the whole human race, including Adam and Eve, Julius Cæsar, and the great Mogul, have labored together in order that I might have this watch as my property in fee simple.

It is evident that no man produces anything by his own unassisted labor. When a man produces anything, the whole of society works with him. But, when a thing is produced by two working together, each of the workers has a right to a share in the product of the labor. No man can produce anything, therefore, which shall be absolutely his own; for society has always a just and righteous claim to an undetermined portion of the value produced. But now I am puzzled! How could I have paid for this watch? My account is squared with the watch-maker as an individual man, but is it squared with him as a member of society? I earned the money, with which I paid for the watch; but I earned it in partnership with society. Have I ever paid for my education, for my support while I was a child? My father indeed paid the school-master, and settled the bills of the butcher, baker and tailor; and thus the question is settled so far as those individuals are concerned. But my father stands to me in a social relation; through him I have received values from society; and what have I given in return? I am certainly in debt; and the worst of it is that I do not see how I shall ever be able to pay off this debt. I labor indeed for society, but what does my labor amount to? My unassisted labor, which is all for which I have a right to draw pay, (for the assistance claims its own pay) amounts to little or nothing. If I were cast away on a desolate island, I might make myself perhaps tolerably comfortable; at any rate, I should have an opportunity of learning how much value I am able to create by my own unassisted strength, and therefore how much value I have a right to draw from society as an equivalent for my labor. Verily it appears to be evident that if I receive from society a support in the alms-house, I am more than paid for all I can do. Nay more, in this desolate

island, I should still be indebted to society. Where did I obtain the skill which enables me to weave my bower of leaves, to make my cave comfortable? If I should really restore to society all I have received from it beyond what I have returned as an equivalent, I should be, after making the restoration, but one grade superior to the ourang outang. Where then is the pride of man! Inventors, men of science, men of wealth, flatter themselves that they have conferred benefits upon society: they do not remembhr that society has had the principal hand in their inventions and improvements! What would Galileo have invented if he had been born among the Patagonians? What becomes then of the absolute right of property? I own this watch, not because I have any absolute right to it, but because my title to it is better than that of any other person. Society gives me the proprietorship of it, because it is for its own interest so to do: my right to my watch is not a natural, but a social right. I own it, not because I earned it, for I have not earned it, but by the free grace and favor of society.

Here we interrupt our soliloquist, and ask him if his ancestors did not earn the property he holds, or if is is not the result of his own labor added to that of his forefathers? We ask him if he does not receive it by inheritance, and own it absolutely, because he receives it by gift from those who had in it an absolute proprietorship founded in actual production? Our watch owner shakes his head mournfully, and answers:—I have thought of all that; but it is some other person's ancestors who have produced this value. My grandfather came into this town with six and a quarter cents in his pocket;—no matter what he produced, he labored in partnership with society, and, if the town had given him a living in the poor house, it would have overpaid him: how then could he transmit absolute proprietorship in any thing to his descendants? There are very few men in this country whose great-grand-fathers were men of wealth: the principle of inheritance, therefore, though just in itself, solves no difficult question of social justice.—*Wealth*

*is created by the joint and concurrent action of all the members of the Social Body: since wealth is created in mutualism, it ought also to be distributed in mutualism.*

We have more to say concerning Social Unity; but as we fear being drawn away to the discussion of theological questions, we reserve the further consideration of this matter to a place by itself.

### *False Capital.*

“The capitalists who *direct* production, are really *the heart of the political body, and their capitals are its blood.* With “these capitals, they pay wages to the greater number of those “who live on wages; they give revenues to idle proprietors, “either of land or money, and through them they give wages to “the remainder of those who live upon wages: and all this “money *comes back to them again* through the expenses of all “these people, who *buy of them* what they have caused to be “produced by their hired laborers, paying for this produce *a higher price* than the cost of the wages, the rent of the land “and the interest of the money borrowed. But, it may be said, “if this be so, and if the *active* capitalists gather each year “more than they have sown, they must in a very little time “draw into their hands the whole fortune of the community; “and soon there will be in the country only destitute laborers “and enterprising capitalists. This is true: and things would “fall out thus in fact, if these enterprising capitalists or their “heirs, *did not withdraw from business as fast as they grow rich, and thus go continually to recruit the class of idle capitalists.*” — Destutt Tracy, *Traite d'Economie Politique.* This was written, not in irony, but in sober earnest. Now if money were not a commodity—that is, if the currency were composed of *mutual money* instead of merchandise-money—the capital celebrated in the foregoing extract, could not exist on the surface of the earth. If a mutual currency were established, the man who produced property would own it; and the various methods by which money is

now appropriated away from the true owner, would be impracticable.

Let us state Destutt-Tracy's doctrine in other words :— When money is monopolised, production and trade are paralysed, disunion and separation are introduced between each man and every other man ; for every man is a producer of certain things, and a consumer of certain others. When the tailor finds he has too many coats and no bread, when he finds moreover that very little money is circulating, what does he do ? He goes to the monied-man (who is in the present order of things, the only real capitalist) and borrows what money he requires for the purchase of bread, and of the things necessary to enable him to continue his business. But here a new phenomenon presents itself. *The tailor promises to pay interest for the money he borrows.* Thus is organised an INDUSTRIAL FEUDALISM ; for capital signifies in the mind of the capitalist, not money, not a form of produce, but something which shall enable him, the capitalist, without labor on his part, to participate in the results of the labor of his neighbors. If the currency be monopolised by a portion of the community, all producers are obliged to go to the monopolists, and hire money, paying interest for the use of it—for how are they otherwise to obtain disengaged capital ? It is thus that the community comes to be the property of a class. Now the currency is necessarily monopolised whenever money is a commodity. Do you deny this fact in the case of the civilized countries of the present day ? Look at the existing Banking System ! and tell us what *that* may properly be called, if not an *organization* of the monopoly of money ! Conceive of a currency that is a commodity, conceive society to be divided into two classes, one composed of capitalists, the other of those who are not capitalists, conceive of the mutual relation of these two classes, remembering that the capitalists live, not by their labor, but upon the claim which the use of their money gives them upon the labor of others and, after a moment's reflection, the claim of your conceptions will become illuminated, the science of political economy pre-

Presenting itself suddenly to your mind. For Political Economy is the science of the means and methods whereby men of capital are enabled to bring the rest of the community under tribute. Capitals are *created* in one way, they are *appropriated* in another, and in a very different way; they are created by labor; they are appropriated by individual men according to the processes pointed out in the books of political economy. When you see an immense undertaking in progress, you say—the welfare of the community depends upon the success of enterprises like this! But you do not consider that if the farmer's money had not been *appropriated* away from him, he would have been able to maintain his fences and improve his land; that if the tailor's disengaged capital had been left in his hands, he would have extended his business, and thus have become able to make and sell better coats for less money than he did before; that in short, if money were left where it naturally belongs, it would do more good, and produce more effect, than it can in any artificial channel—but we might talk forever on this point. The establishment of a mutual currency, would enable laboring men to effect the immediate substitution of the associated workshop in the stead of the present manufacturing joint-stock corporation. Shall we say any more in favor of mutualism?

The money-capital now possessed by individuals in the State of Massachusetts draws to its owners annually, in interest money and dividends, probably more than one half of the annual produce of the total labor of the people; yet this whole money-capital might be dispensed with. If we should once establish mutual banking, we might throw all our present money-capital into the sea; and although we should thus make an absolute loss of a large amount of gold and silver yet the increased production of desirable commodities that would arise under a true currency, would make good the whole damage in less than six months. Under a system of mutual currency, men would use *their own notes*, mutually guaranteed by all, as a circulating medium, and thus be independent of

all bankers and of all money-capitalists; and these notes would perform the service of bank bills, and of credit in account. Interest would fall at once to the bare expense of guaranteeing, engraving, printing and issuing the paper—that is, interest would fall to less than one per cent. per annum. The capital extolled so highly by Destutt-Tracy, which is false capital, would be altogether superceded—political economy would become an obsolete science: and the distinction between the capitalist and the laborer would be entirely done away with, since under the true system, no one but a producer, that is a laborer, (either with head or hand) could issue a note, or be a capitalist; for capital is nothing other than the product of labor transformed by the act of sale into circulating medium.—Men of toil, men who bear the burthens of the social system, so long as money is a commodity, so long you will buy dear and sell cheap; for your interests and those of the capitalists are antagonistic, and the capitalists are stronger than you. It is for the interest of the capitalist to buy cheap and sell dear, that is, to cause you to pay more for what you buy, and to take less for what you sell, than it is worth. So long as money is a commodity, so long will the picture of society drawn by Destutt-Tracy, be true to the facts in the case. Men of science and skill, men whose heads are weighed to the earth by the burthen of the secret of the universe, so long as the currency is a commodity, so long will you be forced to sell your inventions before they are made, in order to procure for yourselves subsistence and the means of pursuing your investigations. How many inventors are there who have been pecuniarily benefitted by the result of their ingenuity? Artists, poets, preachers, you in the firmament of whose souls beams forever that intellectual Sun, of which the rays are truth; you, before whom stand ever thoughts clothed in eternal beauty, panting to realize themselves outwardly in actual and practical existence; remember that so long as the currency is a commodity, so long you will be obliged to initiate yourselves

into the unclean mysteries of trade. For between your thoughts of celestial fire and the great heart of the public, stands a middle wall of separation: you are dependent upon the booksellers for the privilege of even addressing your audience. Booksellers sometimes grow rich; but do you know any native poet who has supported his family by the earnings of his genius?

### *Savings Banks.*

Merchandise-money is a commodity in a twofold way, and therefore has a twofold pride. It is a commodity as being composed of a precious material useful in the arts; and its price, as such, is determined by the relative supply and demand of this material. Thus the purchasing power of money (its relative price) depends upon the state of the market—not of the money market, technically so called, but of the common market where exchanges of gold, silver, corn, and other common and natural commodities, are effected. But money is a commodity, not only as being composed of a precious material, but also as being the *medium whereby* exchanges are effected. The purchasing power of money may remain constant, and yet its price as *medium whereby* may vary. The price of money as precious material, is measured by its purchasing power; its price as *medium whereby*, is measured by the rate of interest. The price of money as material is one thing; the rate of interest is another and a different thing: the price of money as material depends on the supply and demand; the price of money as *medium whereby*, that is, the rate of interest, depends on the distress of the borrower. Whatever checks the *rapidity of circulation* (concentration of money in the sub-treasury, panic, which causes money to hide itself in holes of the earth, monopoly of the currency, certain operations in the money market, &c.) whatever checks the *rapidity of the circulation* of money, operates at once to decrease the amount of money as *medium whereby*, and

consequently to raise the rate of interest. The amount of money in circulation for the business man, depends therefore upon its absolute *quantity* and also upon its relative *activity*, or rapidity of circulation. For it is evident that two dollars which make four purchases a day, are equivalent, as *medium whereby*, to four dollars which move with only one half their rapidity.

Why do the employers in the manufacturing villages desire that Savings Banks may be established in their immediate vicinity ? It is because they desire that the money they pay out in wages, may remain where they can borrow and use it; or, at least, if they do not desire to borrow the money themselves, it is because it is for their interest that a check should be put on its circulation, sufficient to keep it from leaving their neighborhood. But a village that seeks its own advantage in putting a check on the rapidity of circulation, seeks its advantage in that which is an injury to all other villages. For it is the absolute freedom of circulation, that is the concrete and material expression of the mutual dependence of men on each other—of the Social Unity. Every check put upon the freedom of circulation, is necessarily followed by proportionate high rates of interest, by want, and by over-production, which is the necessary correlative of want. Savings Banks are undoubtedly advantageous to poor depositors who thus obtain interest on their earnings; but they are, nevertheless the invisible scourge of commerce. As the unseen pestilence poisons the vital air, so do the Savings Banks poison the atmosphere of legitimate trade. Moreover, the benefit of these institutions is to a great extent illusory to the depositors themselves: for since production must, of necessity, pay all the interest money that is paid, the poor producer who receives usury on the money he has laid up, receives it on the condition of a reduction in the wages of some brother producer who is probably poorer than himself.

## THE PROLETARIAT.

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It is affirmed, as an objection to Mutual Banking, that almost all the stock in the existing banks, is owned by widows and orphans who are deserving persons, and that it is unfair to deprive these widows and orphans of their present advantages. We propose to examine this objection at some length.

“ We will not waste our time,” says M. de Cassagnac, “ in considering the sense which the word *proletary* derives from its Latin etymology. *Proletarius* denoted something appropriate to the particular constitution of Rome. The word *proletary* denotes, in our ideas, something which is common to all societies. Thus there are, for example, among all the modern nations of Europe, and there were among all the ancient nations of Europe, certain families and individuals forming the basest portion, the lowest stratum, of society. Ordinarily, these families and individuals live by the painful and daily labor of their hands. The wages of the day is all they can count upon for the morrow: and landed property, if they ever obtain it, is for them much less the rule than the exception. These men, who are not landed proprietors, who have never been landed proprietors, to whom we dare not promise that they ever will be; these poor, obscure men, without fortune transmitted from father to son, and for whom all domestic traditions are reduced to the permanent necessity of earning daily their daily

bread, these men are the *Proletaries*, and the condition to which they belong, is the *Proletariat*. This being stated, let us see what the proletariat contains: 1st, laborers; 2d, beggars; 3d, thieves; 4th, prostitutes. For a working man is a proletary who labors, and lives on his wages. A beggar is a proletary w<sup>h</sup>oeither cannot or will not work, and who begs for a living. A thief is a proletary who will neither work, nor beg, and who steals for a living. A public woman is a proletary who will neither work, beg, nor steal, and who prostitutes herself for a living. The absence of all acquired property, of all fortune saved up, is therefore, as we have said, that which constitutes the Proletariat; and the necessity which persons are under, when they possess nothing but natural bodies, either to work, to beg, to steal, or to prostitute themselves for a living, naturally divides the proletaries into four great classes, which are those we have stated; classes in which they are distributed according to their education, their character, their physical and moral force; according to the particular condition of the families to which they belong; according to the general conditions of the society which surrounds them; sometimes according to their faults, sometimes according to the faults of others; often according to chance."

The distinction here drawn between the proletary and the capitalist is just. We take off our hat to the author who is capable of manifesting such accuracy of insight. He who lives on the interest of his money, on the dividends of his stock, on his revenues, is a capitalist. He who has no sufficient acquired fortune, he who receives no adequate interest money, no adequate dividends, is a proletary. Whoever lives upon wages, or would be forced to live upon wages, if it were not for the possibility of substituting begging, theft, or prostitution, in the stead of labor, is a proletary. All families and individuals who can count for to-morrow, upon nothing but the wages of to-day, are to be classed, to distinguish them from those who live on the fruit of acquired fortune, in the general division called *proletariat*. The proletariat is equivalent to labor,

or rather to *wages*; in like manner as the contrary to the proletariat, is equivalent to interest, dividends, revenue—not capital itself, but the fruit of capital.

Men of thought—philosophers, scientific men, artists, theologians—are, in general proletaries; for they are proverbially poor, and anxious for the morrow. The signs of the proletariat are—dependence—insecurity—anxiety for the morrow. It is not necessary, in order to constitute you a proletary, that you should be abjectly poor at the present moment: if you are dependent on an employer, if any man, or set of men, have the power to deprive you of your daily bread, by depriving you of your employment, you are comprised in the general class called *proletariat*. No matter what refinement, education, or genius, you may possess, if your physical well-being is not secured by money at interest, or otherwise profitably invested, you are a proletary. There are proletaries among the refined classes, and proletaries among the unrefined classes of the community: there are proletaries who work with the body, and proletaries who work with the mind: there are proletaries who prostitute the body, and proletaries who prostitute the mind. Whoever is obliged to earn his daily bread, whether honestly or dishonestly, is a proletary. Homer, Dante, and Tasso, who were beggars, were proletaries. Spinoza, who ground optical glasses for a living, was a proletary. The proletariat confesses that it comprises the thieves, beggars, and prostitutes. But open your Bible, and read the words of the Proletary whom his brother proletaries heard gladly! The carpenter's son anathematised the scribe and the pharisee, but he cast out neither the thief, the beggar, nor the prostitute. He it was that said to the chief priests, and to the elders of the people, "Verily I say unto you, the Publicans and the Harlots go into the Kingdom of Heaven before *you*." Lazarus was the first who rose from the dead, under the new dispensation: and it was a Thief who led the way to the celestial city, going side by side through the gates of Paradise, with the Master of Eternal Life.

But to return to the matter in hand: it follows, from the re-

sults of Mr. Kellogg's investigations, that three persons out of every hundred in the State of Massachusetts, own more property than the remaining ninety-seven ; it is therefore, reasonable to suppose that for every three widows and orphans who are benefitted by the existing organisation of credit, ninety-seven are injured and oppressed. This supposition will appear perfectly well founded, if we bear in mind that there are thieves and prostitutes whose names are not borne on the books of the police. For it is evident that a young man who lies for hire behind a merchant's counter, should be classed under the general head called proletariat—should be characterised as a proletary that steals for a living ; and that a woman who marries for the mere sake of a home, and a position in society, should be regarded scientifically as a proletary who prostitutes herself for a living. We do not hesitate to affirm that the widows and orphans who are supported in ease and luxury by the operation of the banking system, are supported upon the unrequited labor of the proletariat, and at the expense of its moral degradation. For bread does not come out of the air ; and the widow who eats the bread of idleness, being enabled so to do by the fact of her owing stock yielding dividends, eats the bread that is earned by the sweat of her sister's brow : and the woman who takes the bread out of her sister's mouth, is what the philosophers would call the *occasional* cause, (though perhaps powerless for reform, and therefore innocent) of her sister's shame. It is thus that we reply to the objection stated at the head of this article.

## U S U R Y.

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We acknowledge that the practise of usury has been universal; but remark that the condemnation of the practice, by founders of religions, and by the great philosophers, has also been universal. The Egyptian Theocracy, Aristotle and Mahomet, condemned all usury. The reprobation of the practice, by the Sacred Canons of the Catholic Church, is exceedingly severe: take the following extract as an example; “Because the crime of usury so much prevails in all places, that many persons, having omitted all other traffics, exercise usury as if lawful, and by no means care how it is condemned in both Testaments; we have therefore decreed that notorious usurers *be not admitted to the communion of the altar; nor, if they die in this sin, receive Christian burial: let none receive their offering.*” 3d. *General Council Lateran, Can. 25. under Alexander III., A. D. 1179.* The following proposition relating to usury, was *condemned*, with others of much the same tenor, by Pope Innocent XI., March 2d, 1679: “As money in hand is better than money on time, and as there is no person who does not set greater value on the present than on the future money, the creditor can demand something more than the principal from the borrower, and on that title he can be excused from usury.” We take it that the meaning attached by the church to the term usury, is now clear. The Holy See adds:

"Whatever person of any condition, state, or dignity, will defend or publish these propositions, or any of them, jointly or severally, or will treat of them in any discussion, publicly or privately, or will preach them, unless it be, perhaps, for refuting them, shall fall into *an excommunication, ipso facto*; from which he cannot, except *in articulo mortis*, be absolved by any other person than the Roman Pontiff for the time being."

In answer to those persons who, on the plea of its universality, justify the practise of usury, and affirm that it is lawful and becoming in a religious man to lend money at interest,\* we quote the following passages from the Old Testament:

"If thou lend money to any of my people that is poor by thee, thou shalt not be to him as an usurer, neither shalt thou lay upon him usury."<sup>†</sup> Exod. xxii. 25.

"If thy brother be waxen poor, and fallen in decay with thee; then thou shalt relieve him; yea, though he be a stranger, or a sojourner; that he may live with thee. Take thou no usury of him, nor increase; but fear thy God. Thou shalt not give thy money upon usury, nor lend thy victuals for increase. I am the Lord your God." Levit. xxv : 35—38.

"If there be among you a poor man of thy brethren, within any of the gates of the land which the Lord thy God giveth thee, thou shalt not harden thy heart, nor shut thy hand, from thy poor brother: but thou shalt open thy hand wide unto him, and thou shalt surely lend unto him sufficient for his need, in that which he wanteth. Beware that there be not a thought in thy wicked heart, saying, The seventh year, the year of release, is at hand; and thine eye be evil against thy poor brother, and thou givest him nought; and he cry unto

\* But how, under the existing organisation of commerce and credit, can men avoid giving and taking interest? It is the organisation of society, and not the individual usurer, that deserves condemnation.

† The distinction between usury and interest, is based on mere arbitrary legislation; nature and philosophy refuse to recognise it. When Moses and the Prophets say usury, they mean all interest money, no matter how low the rate may be.

the Lord against thee, and it be sin unto thee." Deut. xv, 7—9.

"Lord! who shall abide in thy tabernacle?

Who shall dwell in thy holy hill?

He that walketh uprightly and worketh righteousness;

\* \* \* \* \*

He in whose eyes a vile person is contemned;

\* \* \* \* \*

He that putteth not out his money to usury." Ps. xv, 1—5.

"He that hath restored to the debtor his pledge;

\* \* \* \* \*

He that hath not given forth upon usury,

Neither hath taken any increase,

That hath withdrawn his hand from iniquity,

Hath executed true judgment between man and man,

Hath walked in my statutes,

And hath kept my judgments, to deal truly;

He is just, he shall surely live, saith the Lord God." Ezek. xviii, 7—9.

Zoroaster also, the Magian prophet and lawgiver, was aware that the love of money is the root of all evil, and that covetousness is the particular principle that is in direct opposition to liberty and equality. He says: "May Serosch protect this holy place against his enemy; may the Angel of peace protect it against the enemy of peace; *may the Angel of Liberty protect it against the Power of Avarice*; may the angel of humility protect it against the master of pride; may he who tells the truth protect it against him who lies; the pure against the Daroudj!"—*The Zendavesta*.

But who, at the present day (except a few socialists) cares any thing for a text of scripture, though it be explicit, and directly to the point? The existing generation of preachers have struck hands with the Malthusians. Because Moses, who understood the whole operation of the system of usury,

permitted the Hebrews, as a war measure, \* to lend money at interest to the surrounding nations, the theologians tell us that such conduct is lawful. When will the theologians learn that Christianity is a generalisation, not of the exceptions, but of the positive elements of the Mosaic law? Christianity is the Mosaic dispensation, translated from the tribe to the race, from particularity to universality. But the Malthusian Church understands nothing of mutualism, nothing of the deep meaning of the scriptures. What is "the **MYSTERY**"—spoken of by the apostle Paul, in his epistle to the Ephesians—"which, according to the good pleasure of the will of the Father, He hath purposed in Himself from before the foundation of the world, in Christ Jesus, our Lord." Is it the unconditional election of a certain number to the exclusive favor of God? Is it Malthusianism? Not at all. It is precisely the *mystery* on which the whole Social Science is built: it is universal mutualism—mutualism in the natural sphere, mutualism in the moral sphere, mutualism in the spiritual sphere.—This is the mystery: "That in the dispensation of the fulness of times, He **MIIGHT GATHER TOGETHER IN ONE** all things in Christ, *both things which are in heaven, and things which are on earth.*"

The Malthusian Church tells us that we demoralise the working classes, that we encourage them to throw off their ancient respect for the peculiar New England virtues—that, in short, if Mutualism should once prevail, mechanics and laboring men would spend their money too freely, would forget to save up their earnings for a rainy day, would neglect to rise early in the morning and sit up late at night—would lose their accustomed prudence, their powers of close calculation, and, to a certain extent, their habits of patient industry. We

\* Jehovah thine Aloah, blesseth thee, as he promised thee:  
 If thou lendest unto many nations,  
 But thyself borrowest not,  
 Thou shalt reign over many nations,  
 And they shall not reign over thee.—Deut. xv, 6.

can understand these remarks as coming from the Malthusians ; but there is one thing that we cannot understand, which is this :—The identification of the peculiar New England virtues with the virtues commanded by the law of Christ. Say, if you please, that we are wanting in prudence, in close calculation : call us men devoid of knowledge in the ways of this world : we may not perhaps confess that you are correct in your affirmations, but we do not object to your making your statements—let every one free his mind ; but when you say that our doctrine is opposed to the morality of the Gospel, *we protest*, and call on you to take our protest into consideration.

The Lord commended the fowls of the air, not because they were prudent and saving, not because they practised a judicious foresight, but for the exact contrary :

“ Behold the fowls of the air,” he said, “ for they sow not, neither do they reap, nor gather into barns ; yet your Heavenly Father feedeth them.”

How many fathers are there in New England who present this example to their children ? He commended the lilies of the field also, saying :

“ And why take ye thought for raiment ? Consider the lilies of the field how they grow ; they toil not, neither do they spin : and yet I say unto you that even Solomon in all his glory was not arrayed like one of these.”

And to impress what lesson upon the minds of the disciples did he call their attention to these striking examples ? Let the text speak for itself :

“ Therefore I say unto you, take no thought for your life, what ye shall eat, or what ye shall drink ; nor yet for your body, what ye shall put on.”

Answer, O Malthusians ! is this the lesson you strive to impress on the minds of your children ? Do you not rather tell them to take especial and anxious thought for the morrow, laying up their treasures, perhaps in Heaven, but at any rate in the Bank ? What is Malthusianism if not thought for the morrow reduced to a Science ? So far as this passage is con-

cerned, the Socialists are they who, having ears, hear; for, in this matter, they accept the words of the Master.

The Master says: "Take no thought, saying, What shall we eat? or, What shall we drink? or, Wherewithal shall we be clothed? For after all these things do the Gentiles seek: and your Heavenly Father knoweth that ye have need of these things. **BUT SEEK YE FIRST THE KINGDOM OF GOD, AND HIS RIGHTEOUSNESS; AND ALL THESE THINGS SHALL BE ADDED UNTO YOU.**"

Seek ye first the Kingdom of God! What is this Kingdom of God? The chief characteristic of the Kingdom of God is Communion, Fellowship, or, as the Socialists say, Mutualism.

Listen to our social creed! We believe in mutualism in spiritual relations; but we believe in mutualism in social relations also; we believe in the Mutualisation of production, consumption, and exchange—that is, we believe in *Mutual Workshops*, *Mutual Stores*, and *Mutual Banks*. Man was created a social being; for he was created to live in Mutualism: when man isolates himself from his brother, excommunicates his brother in production, consumption, and exchange, destroys mutualism by scission, then he is in an unnatural state, and consequently, in a state of suffering. Why are the ravens fed? Because they live in the state that is adapted to their nature. No raven belonging to a disinherited caste is obliged to compete for his living with a joint-stock corporation. Man, when not in mutual relations with his brother, is in a false position, and must necessarily be miserable; for men are *by nature*, mutually dependent upon each other.

The Kingdom of God consists in Communion, Mutualism; and it is for this reason that we must seek first this Kingdom, and God's justice—aye, God's justice! It is not they who simply take no thought for the morrow, that have all things added unto them; but they who seek *first* God's Kingdom, and his justice, and *then* take no thought for the morrow. The hunger and thirst that are in the world, the nakedness, the lack of roofs to shelter shivering human beings, come from the wick-

edness of man ; they come from egotism, isolation, scission, vitiated production, anarchical commerce, a false credit system ; they come, in short, from the fact that men appear to seek, neither first nor at all, either God's Kingdom or his justice.—Repent, for the kingdom of Heaven is at hand !

## CREDIT.

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But what becomes of credit under the reign of Mutualism ? Suppose a man to be just starting in business, and to have no property to pledge to the bank ; how is he to get money ?— We have answered this objection once ; but will, nevertheless, answer it once again.

### *Personal Credit.*

How is a young man to—not “ mend his way”—but obtain credit ? If he is capable, moral, industrious, virtuous, punctual, religious, if he possesses all the qualifications requisite to form the merchant, the christian and the gentlemen, where will you find a monied man that will not make haste to trust him ? Let the light shine !

### *Real Credit.*

We are now obliged to make a supposition not flattering to the individual presented to the reader : let us suppose, therefore, that a miserable drunken scoundrel makes his advent on the stage of action, and demands credit. Are there circumstances under which he can get it ? Most certainly. Though he possesses neither religion nor business capacity, yet, if he own a farm worth \$2000, which he is willing to mortgage as security for \$1500 that he desires to borrow, he will be considered as eminently deserving of credit. He is neither industrious, punctual, capable, nor virtuous ; but he owns a

arm clear of debt, worth \$2000, and verily he shall raise the \$1500 !

Personal credit is one thing—real credit is another, and a very different thing. In one case, it is the man who receives credit ; in the other, it is the property, the thing. Personal credit is in the nature of partnership, real credit is in the nature of a sale with a reserved right of repurchase under certain conditions. By personal credit, two or more men are brought into voluntary mutual relations : *by real credit*, a certain amount of fixed property is transformed into circulating medium, *a certain amount of engaged capital is transformed into disengaged capital*.

### *The Usury Laws.*

We have already spoken of the absurdity of the usury laws ; but let that pass ; we will speak of it again :

A young man goes to a capitalist, saying, If you will lend me \$100, I will go into a certain business, and make \$1,500 in the course of the present year ; and my profits will thus enable me to pay you back the money you lend me, and another \$100 for the use of it ; and, indeed, it is nothing more than fair that I should pay you as much as I offer, for, after all, there is a great risk in the business, and you do me a greater favor than I do you. The capitalist answers, I cannot lend you money on such terms, for the transaction would be illegal : nevertheless, I am willing to help you all I can, if I can devise a way. What do you say to my buying such rooms and machinery as you require, and letting them to you on the terms you propose ? For though I cannot charge more than six per cent. on money loaned, I can let buildings whose total value is only \$100, at a rate of \$100 per annum, and violate no law.—Or, again, as I shall be obliged to furnish you with the raw material consumed in your business, what do you say to our entering into a partnership, so arranging the terms of agreement that the profits will be divided in fact, as they would be in the case that I loaned you \$100 at 100 per cent.

interest per annum?—The young man will probably permit the capitalist to arrange the transaction in any form he pleases, provided the money is actually forthcoming. If the usury laws speak any intelligible language to the capitalist, it is this:—“The Legislature does not intend that you shall lend money to any young man, to help him in his business, where the insurance upon the money you trust in his hands, and which is subjected to the risk of his transactions, amounts to more than 6 per cent. per annum on the amount loaned.” And, in this speech, the deep wisdom of the Legislature is manifested! Why 6, rather than 5, or 7? Why any restriction at all?

Now for the other side—for we have thus far spoken of the usury laws only as they bear on personal credit. If a man borrows \$1,500, on the mortgage of a farm worth, in the estimation of the creditor himself, \$2,000, why should he pay six per cent. interest on the money borrowed?—What does this interest cover? Insurance? Not at all; for the money is perfectly safe, as the security given is confessedly ample: the insurance is 0. Does the interest cover the damage which the creditor suffers by being kept out of his money for the time specified in the contract?—This cannot be the fact, for the damage is also 0, since a man who lends out money at interest on perfect security, counts the total amount of interest as clear gain, and would much prefer letting the money at 1-2 per cent, to permitting it to remain idle. The rate of interest upon money lent on perfect security is commensurate—not with the risk the creditor runs of losing his money, for that risk is 0—not with the inconvenience to which the creditor is put by letting the money go out of his hands, for that inconvenience is also 0, since the creditor lends only such money as he himself does not wish to use—but it is commensurate with the distress of the borrower. One per cent. per annum interest on money lent on perfect security is, therefore, too high a rate: and all levying of interest money on perfect security, is profoundly immoral, since such interest money is the fruit of the speculation of one man upon the misery of

his brother. Yet the Legislature permits one citizen to speculate upon the misery of another to the amount of six hundredths per annum of the extent to which he gets him into his power! This is the morality of the usury laws in their bearing on real credit.

*Legitimate Credit.*

All the questions connected with credit, the usury laws, &c. may be forever set at rest by the establishment of **MUTUAL BANKS**. Whoever goes to the Mutual Bank, and offers real property in pledge, may always obtain money: for the Mutual Bank can issue money to any extent, and that money will never depreciate in value, since it is all of it based on real property. The interest will always be at a less rate than one per cent. per annum, since it covers, not the insurance of the money loaned, there being no such insurance required, as the risk is 0; since it covers, not the damage which is done the Bank by keeping it out of its money, as that damage is also 0, the Bank having always an unlimited supply remaining on hand, so long as it has a printing press and paper; since it covers—plainly and simply—the mere expenses of the institution—clerk hire, rent, paper, printing, &c. And it is fair that such expenses should be paid under the form of a rate of interest; for thus each one contributes to bear the expenses of the Bank, and in the precise proportion of the benefits he individually experiences from it. Thus the *interest* properly so called, is 0: and we venture to predict that the Mutual Bank will one day give all the real credit that will be given; for, since this Bank will give such credit at 0 per cent. interest per annum, it would be difficult for other institutions to compete with it for any length of time. The day is coming when every thing that is bought will be paid for on the spot, and in mutual money; when all payments will be made, all wages will be settled, on the spot. The Mutual Bank will never, of course, give personal credit; for it can issue bills only on real credit; it can-

not enter into partnership with any body ; for, if it issues bills where there is no real guarantee furnished for their repayment, it vitiates the currency, and renders itself unstable. Personal credit will one day be given by individuals only ; that is, capitalists will one day enter into partnership with enterprising and capable men who are without capital, and the profits will be divided between the parties according as their contract of partnership may run. The laborer will not then be obliged to seek after the capitalist ; for the positions will be inverted ; and it is the capitalist who will be in constant pursuit of the laborer, since capital will then be incapable of bearing any interest. No capitalist will then be able to obtain a revenue from his capital except by entering into partnership with some laborer, the laborer furnishing labor, and the capitalist risking his money—unless, indeed, the capitalist should prefer to work himself. Whoever, in the times of the Mutual Bank, has property, will have money also ; and the laborer who has no property, will find it very easy to get it ; for all capitalists will compete with each other to obtain him as a partner. All services will then be paid for in ready money, and the demand for labor will be increased three, four, and five fold.

As for credit, of the kind that is idolised by the present generation, credit which organises society on feudal principles, confused credit, the Mutual Bank will obliterate it from the face of the earth. Money furnished under the existing system to individuals and corporations, is principally applied to speculative purposes, advantageous perhaps to those individuals and corporations, if the speculations answer ; but generally disadvantageous to the community whether they answer or whether they fail. If they answer, they generally end in a monopoly of trade, great or small, and in consequent high prices : if they fail, the loss falls on the community. Under the existing system there is little safety for the merchant. The utmost degree of caution practicable in business, has never yet enabled a company or individual to proceed for any long time without in-

curring bad debts. As Proudhon said from the tribune of the French assembly : " Credit in its existing form, when once destroyed, shall never be restored : Socialism has its eye upon it !"

The existing organisation of credit is the daughter of hard money, begotten upon it incestuously by that insufficiency of circulating medium which results from laws making specie a legal tender. The immediate consequences of confused credit, are, want of confidence, loss of time, commercial frauds, irregular and ruinous expenses, with fruitless and repeated applications for payment. The ultimate consequences are, compositions, bad debts, expensive accommodation loans, law suits, insolvency, bankruptcy, separation of classes, and consequent hostility, hunger, extravagance, distress, riots, civil-war, and finally, revolution. The natural consequences of Mutual Banking are, first of all, the creation of order, and the definitive establishment of due organisation in the Social Body ; and ultimately, the cure of all the evils which flow from the present incoherence and disruption in the relations of production and commerce.

Our business men are now outflanked, because the manufacturers of England can borrow money to almost any amount, at two and three per cent. interest, while our own manufacturers are obliged to pay six—nay, eight, ten, and twelve per cent. England is the den and stronghold of capitalism : *but with an unlimited supply of money at one per cent. interest per annum, the people of the United States might—in the space of a single year—break down the competition of England, and seize the empire of the world.*

Again, who will pay 10 and 12 per cent. for rent, when he can borrow money at one per cent., and build ?

## THE CHERUBIM.

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We stand between two worlds, or dispensations: on one side is the world of inequality, which is passing away; on the other, is the world of equality, which is now commencing.—*Pierre Leroux.*

The Cherubim were Sphinxes, and symbols of Social Unity. “It is remarkable”—says Professor Bush, in his commentary on the book of Exodus—“that in nearly all the ancient interpretations of the word *cherubim*, the idea of *multitude* was prominent, indicating that the interpreters regarded the root *rub*, *multitudo*, as beyond doubt one of its constituent elements.” The Professor goes on to show that these ancient writers probably mistook the signification of the symbol, for the derivation of the name. He himself derives the word from an obsolete root, *kerab*, signifying, to plough, to cut, to engrave. The cherubim were, therefore, as indeed we know independently of this derivation, moulded, carved, or graven, *images*. “Thou shalt make two cherubim of gold, of beaten work shalt thou make them, in the two ends of the mercy seat.” *Exod. xxv, 18.*

The prophet Ezekiel thus describes the *Living Creatures* seen by him, in the vicinity of the river Chebar: “This was their appearance; they had the likeness of a man: and every one had four faces, and every one had four wings: and their feet were straight feet; and the sole of their feet was like the sole of a calf’s foot; and they sparkled like the colour of burnished brass. As for the likeness of their faces, they four had the face of a lion, and the face of a man, on the right side: and they four had the face of an ox, on the left side; they four also had the face of an eagle. Thus were their faces: and their wings were stretched upward; two wings of every

one were joined one to another, and two covered their bodies." ch. 1, 6—12. Again, in the tenth chapter, he says, "And every one had four faces; the first face was the face of a cherub, and the second face was the face of a man, and the third the face of a lion, and the fourth the face of an eagle. \* \* \* This is the Living Creature that I saw under the God of Israel by the river of Chebar, *and I knew that they were the cherubim.*"—ver. 14—20. The term rendered *living creatures* (*hayoth*) occurs—strange as it may appear to the reader of the mere English version—in the following passages: "Thou, O God, didst sent a plentiful rain, whereby Thou didst confirm thine inheritance when it was weary. Thy *congregation* (*hayatheka, thy living creature*) hath dwelt therein." Ps. 68, 9—10. "And the Philistines were gathered together into a *troop* (*la-hayah, into a living creature*) where was a piece of ground full of lentiles; and the people fled from the Philistines."—2 Sam. 23, 11. See also the thirteenth verse, where it is said, "And the *troop* (*hayah, the living creature*) of the Philistines pitched in the valley of Rephaim." It appears from these citations, that the idea of *numbers* actually enters into the usage of the original word for *living creature*; and as the *living creatures* and the *cherubim* are symbolically the same, the idea of *multitude* is common to both.

As the four living creatures of Ezekiel are plainly identical with the cherubim, so are they also identical with the four *beasts* (Gr. *zoa, living creatures*) of the Apocalypse. "And the first beast was like a lion, and the second beast was like a calf, and the third beast had a face as a man, and the fourth beast was like a flying eagle."—Rev. iv. 7.—We have thus far depended altogether on the erudition of Professor Bush; let us quote now from Dr. Adam Clarke. "The first living creature was like a *lion*; this was, say the rabbins, the standard or colors of JUDAH on the *east* of the camp, with the two tribes of *Issachar* and *Zebulon*. The second, like a *calf* or *ox*, was the emblem of EPHRAIM, who pitched on the *west*, with the two tribes *Manassah* and *Benjamin*. The third, with the *face of a man*, was, according to the rabbins, the stand-

ard of REUBEN, who pitched on the *south*, with the two tribes of *Simeon* and *Gad*. The fourth, which was like a *flying* (spread) *eagle*, was according to the same writers, the emblem on the ensign of DAN, who pitched to the *north*, with the two tribes *Asher*, and *Naphtali*." From which it would seem to follow, that, as the Philistines when gathered into a troop, became a *living creature* or *cherub*, the children of Israel when encamped around their standards, became the particular living creature, the particular cherub, that was especially symbolised by the graven images on the mercy-seat. And it is evident that the cherubs are symbols, *not of angels, but of men*; for it is written: "And when he had taken the book, *the four beasts*, (zoa, living creatures) and four and twenty elders, fell down before the Lamb; and they sang a new song, saying: Thou art worthy to take the book, and to open the seals thereof; for thou wast slain, and hast redeemed us to God by thy blood *out of every kindred, and tongue, and people, and nation*; and hast made us unto our God, *kings and priests*: and we shall reign on the earth.\*

Professor Bush continues as follows: "We behold the Cherubim stationed on the Mercy-Seat, with the symbol of the Divine Presence resting between them. In this position, as we have seen that they strictly represent *men* and not *angels*, what more natural than that their primary and proximate drift as symbols should be *to shadow forth the race of Israel and the great fact of God's peculiar residence among them*? In the cherubic emblems of the Tabernacle, therefore, we behold a mystic embodiment of the congregation which, in the wilderness, was ordinarily encamped round about the holy fabric. Accordingly, the high priest who entered into the

\* "Four TROOPS of ministering angels praise the holy blessed God. The first is *Michael*, at the right hand; the next is *Gabriel*, at the left; the third is *Uriel*, before; and the fourth is *Raphael*, behind him. The *Shechinah* of the holy blessed God, is in the midst. \* \* \* The Living Creatures stand before the Throne of Glory; they stand in fear, in trembling, in horror, and in great agitation: and from their agitation floweth forth a stream of fire."

*holy of holies* and there looked upon the Ark of the Covenant and its cherubic appendages, with the Shekinah enthroned between, beheld in fact but a miniature model of what he saw on a large scale when standing in the midst of the many thousands of Israel abiding in their tents. There were the Cherubim resolved into their constituent multitudes, and over the host rested in calm majesty the Pillar of Cloud, the visible token of the Divinity permanently residing among the chosen tribes."

The Cherubim were symbols of *the collective man*. Let us explain : Everything that a man does, produces its precise and necessary influence upon every person with whom he comes into communication. When a man has performed an action, it is no longer his : it belongs to nature. As soon as an action goes forth, it gives birth to another action, which last gives birth to still another, and so on through all eternity. The little that we do, appears insignificant when compared with the motion of the universe ; but that little has its precise effect ; and will continue to produce and reproduce itself forever. All that has been done before our time has left effects to serve us as motives ; all that we do, and all that nature does in our time, will serve as motives to those that come after us. Each generation sums up the life and the motion of the generations that preceded it. Had the conduct of any one of the old Egyptian kings, whose history has been forgotten for ages, been other than it was, the difference would have perpetuated itself through an uninterrupted chain of causes and effects, producing and reproducing itself to the present day. That difference might indeed have been unperceived by us ; but it would not have failed to produce its precise effect on our conduct. There is a chain of causes and effects which proceeds from the eternity of the past, and passes link by link through our dominion of time, thence stretching onward till it is lost in the dim eternity to come : the description of this chain is the history of the human race. The motion of a straw alters the centre of gravity of the universe. The individuals of the human family exist therefore in rela-

tions of mutual inter-dependence. There are three great powers that govern the world: Providence, Destiny, and the Will of Man. Man by his free will, acts from native spontaneity, receiving the impressions of nature, and impressing nature in his turn, by planting in it seeds which destiny brings to maturity. On one side, men are free forces, individuals standing in the subsisting might of their own spontaneity; on the other side, they are whirled on the ever-revolving wheel of nature, mingled with each other in a common and inseparable life. The human race subsists therefore in the mutual inter-dependence of its members upon each other and all, and of all upon each: and thus it is co-ordinated into a *Living Organism*, or, to use the language of Scripture—into a *Living Creature*.

A political meeting is a living creature, a cherub, bearing the likeness of *a man*: for the mass of the assembly is its body, the moderator is its volitive faculty, and the orators and managers are the active intelligence. A nation is a living creature, whose body is composed of the mass of citizens, whose will is organised in the executive element, whose intelligence resides in the legislature, and whose active conscience—that is, whose passions and instinctive tendencies, as tempered down and rendered permanent by the joint action of the memory and the legislative judgment—resides in the judiciary. Because the individuals of a nation become *one* by thus subsisting in relations of mutual inter-dependence, because they are thus brought into the form of a collective man, they actually become a collective person capable of collective virtue and crime. Nations commit national sins. And let no one affirm that the Social Unity is the result of a social compact: for the actor is always prior to his acts: and the social compact, since it is the act and product of the Social Organism, supposes the prior existence of this Organism. No, national constitution can ever be put in operation, that does not exist in the order of Providence, or in that of destiny, before it is written on paper.

The apostle Paul thus characterises the Christian, which is

a continuation of the Hebrew, Church: "For as we have many members in one body, and all members have not the same office: so we, being many, are one body in Christ, and every one members one of another."—*Rom. xii, 4, 5.* And again, "For as the body is one, and hath many members, and all the members of that one body, being many, are one body; so also is Christ. For the body is not one member, but many. If the foot shall say, Because I am not the hand, I am not of the body; is it therefore not of the body? And if the ear shall say, Because I am not the eye, I am not of the body, is it therefore not of the body? \* \* Whether one member suffer, all the members suffer with it, or one member be honored, all the members rejoice with it. Now ye are the body of Christ, and members in particular." 1 Cor. xii, 12—27. See also parallel passages in the epistles to the Galatians, Ephesians, and Colossians.

Swedenborg says: "That heaven, in the whole complex, constitutes *one man*, is an arcanum not yet known in the world; but in the heavens it is very well known. To know that and the specific and singular things concerning it, is *the chief of the intelligence of the angels there*; on that also depend many more things, which, without that as their common principle, would not enter distinctly and clearly into the ideas of their mind. \* \* That so many various things in man act as one, is because there is not any thing in man which does not do something for the common weal, and perform a use. The whole performs use to its parts, and the part performs use to the whole, for the whole is from the parts, and the parts constitute the whole; therefore they provide for each other, they have respect to each other, and are conjoined in such a form, that all and each of the things refer themselves to the whole and its good. Hence it is that they act as one. Similar are the consociations in the heavens; they are conjoined there according to uses in a similar form: wherefore those who do not perform use to the whole are cast out of heaven, because they are things heterogeneous. To perform use, is to will well to others for the sake of the common good. \* \* As

heaven is *a man* in the greatest form, and a society of heaven in a less, so an angel is in the least; for in the most perfect form, such as the form of heaven is, there is the likeness of the whole in each part, and of each part in the whole. The cause that it is so, is, that heaven is a COMMUNION, for it communicates all its things to every one, and every one receives from that communion all his things."—We hope this extract may not prove too mystical for the reader.

The strange beasts seen in vision by the prophet Daniel, were symbols of nations; and the peculiarities of the beasts were symbolical of the peculiarities of the nations they represented.\* The following extracts from Layard's Ninevah, may prove interesting in the connection: "Whether the Sphinx originated with the Assyrians or with the Egyptians, may now become a question of some interest. It may not, perhaps, be out of place to remark that it was first introduced into Egypt in the time of the eighteenth dynasty; when so many Assyrian peculiarities suddenly appear in the Egyptian monuments, that we are involuntarily led to infer some close and intimate connection between the two countries. The sphinx, as an architectural ornament, occupies nearly the same position in the edifices of Assyria and Egypt, being placed at the entrances to temples and palaces."—vol ii, p. 350. "Ezekiel saw in his vision the likeness of four living creatures, which had four faces, four wings, and the hands of a man under their wings on their four sides. Their faces were those of a man, a lion, an ox, and an eagle. By them was a wheel, the appearance of which, was as it were a wheel in the middle of a wheel. It will be observed that the four forms chosen by Ezekiel to illus-

\* These are they who bend their knees of stone beneath their bosom of stone, and chant the mystic hymn of the nations whose history has been forgotten. The young Sphinxes roar as they learn to read the hieroglyphics on the walls: but their voices of granite are inaudible to him whose footstep resounds amid their mysterious solitudes. There is a voice that is heard in the passing time; and a voice that is heard in the revolving age. The Sphinxes speak: and already a thousand years have rolled away! In the enunciation of a single word, they exhaust the days of a patriarch of the elder world: each syllable requires a century!

trate his description—the man, the lion, the bull, and the eagle—are precisely those which are constantly found on Assyrian monuments as religious types. The 'wheel within wheel,' mentioned in connection with the emblematical figures, may refer to the winged circle, or wheel, representing at Nimroud the supreme Diety."—p. 352.

The story of *Œdipus* furnishes a fine illustration of the faculty which the Greeks possessed of transforming magnificent symbols into miserable fables. The enigma of the Sphinx is the *social problem*, which must be solved by the governments of each succeeding generation, under penalty of being devoured, in case of incapacity, by the ever progressing revolution. For the collective man increases in strength and vigour from year to year: new exigencies continually arise: changes continually occur in the organisation of the Social Body, calling for changes in the constitutions of governments; and woe to the king, to the president, to the legislative assembly, that strives—without science—without a solution of the riddle of the collective man—to regulate the spasms of the galvanised giant! The sphinx of the present day proposes the problem of the organisation of Liberty, Equality, and Fraternity. The Greek sphinx is reported to have proposed the following question: "What animal walks upon four feet in the morning, at noon upon two, and in the evening on three? *Œdipus* answered the monster; **MAN** in the morning of life, walks on his hands and his feet; when he has attained the years of manhood, he walks on his two legs; and in the evening he supports his old age with the assistance of a staff.—The monster, mortified at the true explanation, dashed her head against a rock, and perished!"

The figures of the cherubim were preserved in the pictures of the middle ages: for the four gospels being four faces of the one gospel, each of the evangelists was represented by his peculiar symbol: St. Mathew by a man; St. Mark by a lion; St. Luke by an ox; and St. John by an eagle.

*The Past and the Future.*

\* \* \* \* \* — The times are fulfilled : the prophecies are accomplished : and the nations are expecting the immediate advent of the Son of Man. As the Hebrews were deceived in their expectation of a military Mesiah, so, without doubt, the existing generations will be disappointed in their expectation of a coming of Christ in the clouds of heaven ; for the predictions are fulfilled, never in their literal, but always in their spiritual sense. We are living at the end of a dispensation : the blast on the trumpets of the last judgment has already sounded : the old social and religious order is giving way under our feet, like ice in the time of spring freshets. \* The religion

\* The hour of redemption, which had been announced by all the theologies, at last sounded. By its infallible consciousness, so manifest at epochs of accomplishment, the human race became aware of the Divine mystery which was unfolding itself. The capital of the Roman empire was the capital of superstition. Not a divinity was absent from this horrible pandemonium : there was not one who had not his temples, his priests, his ceremonies, his fanatics. Gods were piled upon gods. The emperors were carried away with the superstitious insanity that seized upon the people. You feel it in the incredible debauchery where they endeavored to drown their trouble, in the immense terror which pointed out perils to them on every side, in the instinct of the inevitable revolution that was approaching. And are not the reigns of some among them, of Caligula for example, correspondencies of the satanic poems which have appeared at the present epoch of regeneration of faith?"—*Joguet*

"We are at one of the most remarkable epochs that the human race will have to pass through in its progress towards its Divine destination, an epoch of renovation and social transformation, similar perhaps to the evangelical epoch."—*Lamartine*.

"We have arrived at an epoch of palingenesia."—*Ballanche*.

"When I consider the general abandonment of moral principle, the divergency of opinions, the rocking of sovereignties on their crumbling foundations, the immensity of our wants, and the inanity of our means, it seems to me that every true philosopher must choose between these two hypotheses, either a new religion is about to be formed, or Christianity is to be rejuvenated in some extraordinary manner."—*De Maistre*.

of the Father prevailed before Christ : the religion of the Word has prevailed in the Christian Church ; the sun of the religion of the Holy Ghost now dawns on the horizon.

“ And there appeared a great wonder in heaven ; a woman clothed with the sun, and the moon under her feet, and upon her head a crown of twelve stars : and she being with child, cried, travailing in birth, and pained to be delivered.” The existing Jewish—Grecian—Roman—Christian civilisation, is taken with travail of birth, and verily it shall be delivered of the man child that is to rule all kindreds, and tribes, and tongues, with a rod of iron. The Spirit now broods on the hearts of men, as it brooded of old on the original darkness of Chaos. Social Unity is the manifest destiny of the nations.

✓ The existing Christianity is but a preparation for a higher Christianity that shall shortly be revealed : the Terrestrial Paradise is not behind us in the shadowy ages of the past, *but before us*. Religion is one, identical to itself, and unchanging : but—because the human race advances like a single man in its joint life and experience—dispensation follows dispensation ; each dispensation being adapted to its peculiar stage of human progress. New light will soon break forth from the Gospel, and the NEW CHRISTIANITY will establish itself in the world—a Christianity as much transcending the one now known in the Churches, as this last transcends the religion of types and shadows revealed through Moses.

This is the order of the dispensations :—*the Covenant with Noah ; the Covenant with Abraham ; THE MOSAIC DISPENSATION ; CHRISIANITY ; CHRISTIAN MUTUALISM.*

Christian Mutualism is the RELIGION of the coming age :—Sanskrit, *yuga* ; Heb. *yom*, or *ivom* ; Gr. *aion* ; Lat. *ævum* ; Light’s manifestation, revolving age, dispensation, world, day.

## PETITION FOR A MUTUAL BANKING LAW.

To the Honorable, the Senate and House of Representatives of the Commonwealth of Massachusetts :

This prayer of your petitioners humbly sheweth: that the farmers, mechanics, and other actual producers, whose names are hereunto subscribed, conceive that it is impossible for them, under the present organization of the currency, and the consequent present high rates of interest, to obtain the just reward for their labor.

They therefore humbly pray your Honorable Body to enact a **GENERAL MUTUAL BANKING LAW.**

A Law embracing the following provisions, would be eminently satisfactory to your petitioners :

1. The inhabitants, or any portion of the inhabitants of any Town or City in the Commonwealth, may organise themselves into a Mutual Banking Company.

2. Any person may become a member of the Mutual Banking Company of any particular Town, by pledging **REAL ESTATE** situated in that Town, or in its immediate neighborhood, to the Mutual Bank of that Town.

3. Said Mutual Bank shall be authorised to issue paper money to circulate as currency between parties willing to employ it as such.

4. Every member of a Mutual Banking Company shall bind himself, and be bound, in due legal form, on admission, to receive, in payment of debts, and in all the transactions of trade, from whomsoever it may be, and at par, the bills issued, and to be issued, by the particular company to which he may belong: but no member who has in his possession bills of the Bank to an amount equal to the whole value of the property by himself pledged, shall be bound to receive any more, until some of those held by him shall have gone out of his possession.

5. Any member may borrow the paper money of the Bank to which he belongs, on his own note running to maturity (without endorsement), to an amount not to exceed three-fourths of the value of the property by himself pledged.

6. The rate of interest at which said money shall be loaned, shall be determined by, and shall if possible just meet and cover, the bare expenses of the institution. As for interest in the common acceptation of the word, its rate shall be at the Mutual Bank, precisely 0.

7. No money shall be loaned to any persons who are not members of the Company.

8. Any member, by paying his debts to the Bank, may have his property released from pledge, and be himself released from all obligations to the Bank, or to the holders of the Bank's money.

9. As for the Bank, it shall never redeem any of its notes at its own counter; nor shall it ever receive specie from its debtors, except at a discount of one half per cent.

10. The Mutual Banks of each County in the Commonwealth, shall be authorised to enter into such arrangements with each other as shall enable them to receive each others bills in payments of debts: so that, for example, a Fitchburg man may pay his debts at the Barre Bank, in Oxford money, or in such other Worcester County money as may suit his convenience.

Persons interested in the cause, are respectfully requested to paste a piece of paper to this Petition, to obtain as many signatures as they can, and to send the Petition, with the signatures, to their Representative in the General Court.











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