CHAPTER 5

"Easy Come, Easy Go"

SHORTLY AFTER our frontiersmen settled down in their chosen workshop, one of them went fishing. His catch was far in excess of his desire for fish, and the problem of what to do with this abundance arose. His neighbor solved the problem by expressing a desire for this edible. The latter was also burdened by a plenty of something, say potatoes, of which the fisherman was in short supply. Or, maybe the grower expected a large crop of potatoes and promised the fisherman that when it was harvested some of it would be set aside for him. At any rate, an immediate or prospective exchange was decided upon, the effect of which was to enrich the menus of the exchangers. Thus, an increase of their respective satisfactions, or wages, resulted, and the seed of Main Street was sown.

There are some who maintain that Society owes its origin to the human instinct of gregariousness. But gregariousness and exchange are so closely interwoven that it is impossible to determine precedence, and when one takes into consideration that companionship is in itself a trade, though not an economic one, the distinction becomes meaningless. The market place is the soul of Society. One could not exist without the other, and both owe their origin to man's never-ending search for a fuller life. It is the market place that makes specialization possible, for it is the means by which the abundance produced by the specialist, of things that do not directly cater to his desire, is translated into things that do. And no matter how large the population grows, how varied the specializations engaged in, how intricate the technique of trade, the market place is simply the means by which one gives up what one wants less to obtain what one wants more.

What one *wants* less for what one *wants* more! Every trade, therefore, originates in desire, the desire of the seller and the desire of the buyer. Each is conscious of a greater urge for the thing offered than for the thing he must give up as a condition for possession, and when the trade is made, these purely subjective experiences find a meeting point, something we call price.* But, preceding price, preceding trade, is the human capacity of setting store on desires. It is a psychological process to which we give the name of value.

Speculation on the nature of value often takes the turn of trying to harness it in a formula of utility: how much more useful is the thing given up than the thing acquired, to each party of the trade. But mathematics is incapable of measuring the elusive variable of human desire. The wealth of a nation is measured in billions; how much value does the starving citizen put on the wealth of the nation? To the owner of bonds and mortgages these papers are valuable because they enable him to satisfy his desires; but to the debtor class they represent hardship. Figures cannot express

* If this were a book on economics, it would be necessary here to enter into a discussion of money. But that would be outside the scope of this inquiry. Nor is the subject of value, to which this chapter is devoted, fully exploited, as a student of economics might expect, but is treated only as an explanatory note on social and political institutions.

the delight of one woman who comes into possession of a washing machine, or the revulsion of a "career woman" at the thought of it. Why people want what, why their esteem of the same thing varies from time to time, why they prefer one thing to another, are questions that cannot be answered mathematically. When we look to the taproot of value we come to an enigma of life. And yet, like so many phenomena that defy analysis, value as a function is quite understandable, and as a function it explains the market place, which is the *alter ego* of Society.

The essence of value is the human capacity of measuring intensity of desire. When the two frontiersmen bartered their respective abundances, their desires were limited to the necessaries. As increasing population makes for a greater subdivision of labor, and therefore for a greater variety of goods and services, this problem of evaluating desires and of exerting one's will in favor of this or that satisfaction becomes correspondingly more intricate. When the choice lay between a bear skin and going naked, the problem of raiment was readily resolved. But now the matter involves a choice between a two-button and a three-button suit, between blue and gray, to say nothing of the quality of workmanship or correctness of size; also, population has brought a new influence to bear upon the evaluation, that of public opinion, and style becomes a consideration. Antecedent to the clothing problem, moreover, a decision must be made between clothing and a harness for the horse or a set of books for the children. The desires are many. What constriction, in the nature of things, compels a decision in favor of one gratification over another? What is the true measure of intensity of desire? The answer that man gives to this question is a ratio between variables: that gratification which, taking into consideration all the factors of inclination, environment, and necessity, will yield him the most satisfaction, according to his lights, in return for the least amount of effort that must be given up to acquire it. For it is written in the book of life that the cost of every "good" is that undesirable thing called effort.

Thus labor, in juxtaposition to desire, is the ultimate determinant of value. Let us keep in mind, however, that it is not the labor invested in producing the "good" which fixes its value—not the "cost of production"—but the labor one must give up as the price of possession.* The fisherman was not unaware of the effort expended in getting the fish, effort he might have put into growing potatoes, and the other frontiersman knows how much time he invested in his tubers. This awareness of labor cost bears heavily on their respective evaluations of their desires for the things offered in trade; therefore, the cost of production (or the cost of reproduction) tends to approximate the price of gratification.

It would not serve the purposes of this essay—which is concerned with the economic forces that underlie social institutions—to delve into the theory, or theories, of value, or the related subject of price. It is enough to point out that were it not for this human capacity to make evaluations there would be no market place, and if there were no market place there would be no Society. Despite all the recondite thought that has been put into this subject, no definition of value offered is quite as definitive as the popular phrase "easy come, easy go." What one acquires with little effort one has

* The theory that the value of a thing is determined by the labor spent in producing it falls flat when we reflect on the things of value that cannot be produced—that have no "cost of production"—such as land sites, patents, monopoly privileges, or heirlooms.

little reluctance to part with if in so doing one can obtain something wanted; on the other hand, if the getting of a pair of shoes calls for the giving up of a month's labor, an inhibitory influence comes into play and maybe the old shoes will be pressed into service for a while longer. It is this interplay of two psychological forces—intensity of desire and aversion to labor—that is the essence of value, and any attempt to reduce it to a mathematical formula is fatuous; to do so would require an understanding of the inner workings of every individual, under all circumstances, and that calls for omniscience. When a trade is consummated, the psychological forces come to rest, and this objective act is a historical fact that is measurable; that is, the price agreed upon tells us something about what the buyer and seller had been cogitating upon before the trade took place. There is no way of measuring their antecedent emotional experiences. And even then, even after the trade has been consummated, it cannot be said with certainty that it will be repeated. The determination of value in the future is largely guesswork. That is why there are "mark down" sales.

This impossibility of fixing future values is the rock on which "economic planning" founders. Not only is the planner without data on which to base his prognoses, but the plannee himself cannot furnish it. No man can foretell with certainty what he will want at a future time, or how much he will want it, for no man can predict the influences that will determine his decisions. Today he is most anxious to have a hat, but tomorrow he is convinced that headgear causes loss of hair and he decides to go uncovered; or the repair of his roof is a more pressing need than the automobile he had set his heart on; or a lessening of his income compels a reevaluation of his desires. Variability of choice makes predictions most precarious, as producers well know. The best the planner can do is to forecast "average" desires on the basis of past experience. But the "average" necessarily eliminates the desires of last year's minority, who may be the majority this year.

Confronted with this problem of variability in desires, the "economic planner" must resort to constriction, to limitation of choice, to the strangulation of imagination. The planner undertakes to prescribe what the individual *should* want, and the basis for his prescription is a conviction that he knows best what is "good" for the individual. Because it is in the market place that variability of choice expresses itself, through price, the planner's conceit leads him to attempt to control consumption by controlling price. But price is not controllable, simply because desires are not controllable. The barrier to free choice which the planner sets up acts like the dam in the river; the water does not stop flowing but either overflows the dam or spreads out in a lake. Price control does not stop wanting or bidding; it simply creates what propaganda calls a "black market," which is in fact the true market, somewhat distorted but nevertheless true. It may be illegal but it is highly moral, for it arises from the individual's right to himself, to the product of his labors, and to the pursuit of happiness which is the essence of living.

Since the control of consumption by means of fixed prices proves impossible, the planner turns to constricting productive specialization. That is, he undertakes to desocialize Society. As we have seen, men come together and cooperate for the improvement of their circumstances—to raise their common wage level—and they accomplish this purpose through specialization; any attempt to constrict specialization is therefore unnatural and regressive; to the extent that it succeeds it tends to break up the integration or to retard its growth. Men must then get along on less. But it is not in the nature of men to get along on less, and to counteract this inner drive the planner must resort to violence. All "economic planning" ultimately rests on purging. Purging of what? Of the impulses on which Society is built. The "economic planner" does not control prices or production; he polices men.

Value is a deeply human experience, and it is individual. There is no way for the individual to transfer his value concepts to another; there is no way of collectivizing value. It is a ratio between intensity of desire and aversion to labor and can be compared to a measuring stick on which is recorded the esteem that man puts on the energy stored up in him. It is the economic phrasing of his self-worth. When a great supply of the things he lives by reduces the amount of labor he must give up to get them, his worth to himself is enhanced; for the energy thus saved becomes investable in a further improvement of his circumstances. His horizon expands. He thinks of Beethoven and baseball because of the ease with which his primary desires can be satisfied. A general abundance, therefore, is synonymous with both low prices and a wider scope for life. Contrariwise, the high prices brought about by a scarcity of goods signify that more energy has to be expended to satisfy one's needs, that the worth of human effort has declined. The cheaper things are, the richer man is.*

* An illustrative experience is in point. A salesman was offering an expensive suit of wool underwear to a farmer in the wool-growing section of South Dakota. It was in the depression fall of 1934, when labor brought meager returns. The prospective purchaser was as taciturn as the salesman was voluble. The latter thought to bring the business to a close by asking, "What do you say, John?" John replied: "I've been thinking how many pounds of wool

It is, then, by production, by abundance that man lifts his wage level and his self-worth. His pursuit of happiness is favored by the ease with which he can acquire satisfactions, and is hindered by the difficulties that nature or man-made institutions may interpose. Among the labor-saving devices that facilitate the exchange of abundances arising from specialization is money. Money is a token that something of a given value has been produced and, by custom and common consent, is accepted as a claim on production of comparable value. It is a commodity that, in the area in which its value is generally recognized, is exchangeable for all other commodities, thus obviating burdensome barter. But it is itself of no value, except as metal or paper, and is esteemed only because it is accepted in the market place as an evidence that goods or services have been made available, that the general abundance has been increased by labor. In the final analysis, money is a receipt for services performed; for that reason it achieves importance as a measurement of value. However, the yardstick is not and cannot be made a substitute for the goods measured, and money is not production.

The wide acceptance of the measurement of value suggests to the "economic planner" that he can control consumption and regulate production by tinkering with this accepted yardstick. By surreptitiously changing the standard from thirty-six to thirty-three inches, he induces the buyer into believing that he has acquired more goods. But no more goods has been produced by this trick, and the buyer finds that the cloth he purchased is not enough for the suit of

---

I have to give up to get a suit of this underwear." He was weighing his desire for comfort against its cost in terms of his labor. Maybe he was weighing his desire for comfort against his family's desire for food. His worth as a human being was involved.

clothes he expected to get out of the yardage. He has been cheated. As a result of this experience, his esteem of money drops; he demands more of it in exchange for his labor. And that is all that the "economic planner" has accomplished; he neither controls consumption nor regulates production by his counterfeit operation. Until his trickery is discovered, Society has been robbed of some of its output; but the robbery, when discovered, undermines confidence in the market place, discourages production (and therefore consumption), until Society insists on the correction of the wrong done it. The net effect of inflation, of cheapening the value of money, is to retard man's pursuit of happiness.

To sum up, it is the human capacity for evaluating desires and making choices that is the motive power of Society. Were it not for this phenomenon the market place would never arise and the abundance of specialization would be impossible. And man would be reduced to grubbing along on what he would find in nature, like other animals. No other animal gives evidence of a consciousness of comparable desires. No other animal shows a capacity of measuring one want against another or of acting upon a decision resulting from such comparison; that is, of deliberately relinquishing possession of one desirable thing for the purpose of acquiring another. No other animal trades. On the other hand, this potential pervades man's existence; he could hardly exist without a sense of value. From cradle to grave, man is ever making distinctions in desirability. Whether he shall play with this toy or that, study law or medicine, eat fish or fowl, wear a red or a white hat—which does he account more favorably? Which will give him the greatest satisfaction, cause him the least discomfort, taking into consideration all the influences that bear upon the matter? Even when he chooses an "I don't care" course—or self-abnegation—he is constantly called upon to make decisions in support of this course.

Whether man's decisions are right or wrong, whether what he thinks most desirable is indeed most harmful, or in the end yields him an inadequate return for the amount of exertion invested, is beyond the present point. Ignorance undoubtedly affects his judgment, and limitations put upon him by circumstances and heredity also play their part. The fact remains that his life consists of a sequence of choices, that value is his constant guide in the search for a better and fuller existence.

Shall we conclude that his membership in Society is not a matter of choice, but a miraculous occurrence? Was it predestination or a mere animal impulse which impelled the second frontiersman to become a neighbor of the first? Or was it an act of judgment based on his sense of value? From the viewpoint of political science, and having in mind the ethics of political coercion, the question is: does Society result from the will of man or the will of God?

When we consider the profits of cooperative association—of which man is a fair judge—the calling in of divine intent is gratuitous, and perhaps mischievously so. Man is the miracle, but his institutions are wholly rational. Society began when man hit upon the benefits of specialization and trade. This is not to say that he became a Society man contractually, just as one might join a club; it is rather his will to live that impels him to partake of the benefits of the market place. It is the human sense of value that welds a herd of individuals into a cooperating group.