

CHAPTER VII.

PRODUCTION AND PRODUCERS.

Remote from neighbors, in a part of the country where population is only beginning to come, stands the rude house of a new settler. As the stars come out, a ruddy light gleams from the little window. The housewife is preparing a meal. The wood that burns so cheerily was cut by the settler, the flour now turning into bread is from wheat of his raising; the fish hissing in the pan were caught by one of the boys, and the water bubbling in the kettle, in readiness to be poured on the tea, was brought from the spring by the eldest girl before the sun had set.

The settler cut the wood. But it took more than that to produce the wood. Had it been merely cut, it would still be lying where it fell. The labor of hauling it was as much a part of its production as the labor of cutting it. So the journey to and from the mill was as necessary to the production of the flour as the planting and reaping of the wheat. To produce the fish the boy had to walk to the lake and trudge back again. And the production of the water in the kettle required not merely the exertion of the girl who brought it from the spring, but also the sinking of the barrel in which it collected, and the making of the bucket in which it was carried.

As for the tea, it was grown in China, was carried on a bamboo pole upon the shoulders of a man to some river village, and sold to a Chinese merchant, who shipped it by boat to a treaty port. There, having been packed for ocean transportation, it was sold to the agency of some American house, and sent by steamer to San Francisco. Thence it passed by railroad, with another transfer of ownership, into the hands of a Chicago

jobber. The jobber, in turn, in pursuance of another sale, shipped it to the village storekeeper, who held it so that the settler might get it when and in such quantities as he pleased, just as the water from the spring is held in the sunken barrel so that it may be had when needed.

The native dealer who first purchased this tea of the grower, the merchant who shipped it across the Pacific, the Chicago jobber who held it as in a reservoir until the storekeeper ordered it, the storekeeper who, bringing it from Chicago to the village, held it as in a smaller reservoir until the settler came for it, as well as those concerned in its transportation, from the coolie who carried it to the bank of the Chinese river to the brakemen of the train that brought it from Chicago—were they not all parties to the production of that tea to this family as truly as were the peasants who cultivated the plant and gathered its leaves?

The settler got the tea by exchanging for it money obtained in exchange for things produced from nature by the labor of himself and his boys. Has not this tea, then, been produced to this family by their labor as truly as the wood, the flour or the water? Is it not true that the labor of this family devoted to producing things which were exchanged for tea has really produced tea, even in the sense of causing it to be grown, cured and transported? It is not the growing of the tea in China that causes it to be brought to the United States. It is the demand for tea in the United States—that is to say, the readiness to give other products of labor for it—that causes tea to be grown in China for shipment to the United States.

To produce is to bring forth, or to bring to. There is no other word in our language which includes at once all the operations, such as catching, gathering, extracting, growing, breeding or making, by which human labor brings forth from nature, or brings to conditions adapted to human uses, the material things desired by men and which constitute wealth. When, therefore, we wish to speak collectively of the operations by which things

are secured, or fitted for human use, as distinguished from operations which consist in moving them from place to place or passing them from hand to hand after they have been so secured or fitted, we are obliged to use the word production in distinction from transportation or exchange. But we should always remember that this is but a narrow and special use of the word.

While in conformity with the usages of our language we may properly speak of production as distinguished from transportation and exchange, just as we may properly speak of men as distinguished from women and children, yet in its full meaning, production includes transportation and exchange, just as men includes women and children. In the narrow meaning of the word we speak of coal as having been produced when it has been moved from its place in the vein to the surface of the ground; but evidently the moving of the coal from the mouth of the mine to those who are to use it is as necessary a part of coal production, in the full sense, as is the bringing of it to the surface. And while we may produce coal in the United States by digging it out of the ground, we may also just as truly produce it by exchanging other products of labor for it. Whether we get coal by digging it or by bringing it from Nova Scotia or Australia or England in exchange for other products of our labor, it is, in the one case as truly as in the other, produced here by our labor.

Through all protectionist arguments runs the notion that transporters and traders are non-producers, whose support lessens the amount of wealth which other classes can enjoy.⁴

⁴"In my conception, the chief end of a true political economy is the conversion of idlers and useless exchangers and traffickers into habitual, effective producers of wealth."—Horace Greeley, *Political Economy*, p. 29.

The trader "adds nothing to the real wealth of society. He neither directs and manages a vital change in the form of matter as does the farmer, nor a chemical and mechanical change in form as does the manufacturer. He merely transfers things from the place of their production to the place of demand"—Professor R. E. Thompson, *Political Economy*, p. 198.

This is a short-sighted view. In the full sense of the term transporters and traders are as truly producers as are miners, farmers or manufacturers, since the transporting of things and the exchanging of things are as necessary to the enjoyment of things as is extracting, growing or making. There are some operations conducted under the forms of trade that are in reality gambling or blackmailing, but this does not alter the fact that real trade, which consists in exchanging and transporting commodities, is a part of production—a part so necessary and so important that without it the other operations of production could only be carried on in the most primitive manner and with the most niggard results.

And not least important of the functions of the trader is that of holding things in stock, so that those who wish to use them may be able to get them at such times and places, and in such quantities, as are most convenient. This is a service analogous to that performed by the sunken barrel which holds the water of a spring so that it can be had by the bucketful when needed, or by the reservoirs and pipes which enable the inhabitant of a city to obtain water by the turning of a faucet. The profits of traders and "middlemen" may sometimes be excessive (and anything which hampers trade and increases the capital necessary to carry it on tends to make them excessive), but they are in reality based upon the performance of services in holding and distributing things as well as in transporting things. . .

When Charles Fourier was young [says Professor Thompson (*Political Economy*, p. 199)], he was on a visit to Paris, and priced at a street stall some apples of a sort that grew abundantly in his native province. He was amazed to find that they sold for many times the sum they would bring at home, having passed through the hands of a host of middlemen on their way from the owner of the orchard to the eater of the fruit. The impression received at that instant never left him; it gave the first impulse to his thinking out his socialistic scheme for the reconstruction of society, in which among other sweeping changes the whole class of traders and their profits are to be abolished.

This story, quoted approvingly to convey an idea that the trader is a mere toll-gatherer, simply shows what a superficial thinker Fourier was. If he had undertaken to bring with him to Paris a supply of apples and to carry them around with him so that he could have one when he felt like it he would have formed a much truer idea of what he was really paying for in the increased price. That price included not merely the cost of the apple at its place of growth, plus the cost of transporting it to Paris, the *octroi* at the Paris gates,⁵ the loss of damaged apples, and remuneration for the service and capital of the wholesaler, who held the apples in stock until the vender chose to take them, but also payment to the vender, for standing all day in the streets of Paris, in order to supply a few apples to those who wanted an apple *then* and *there*.

So when I go to a druggist's and buy a small quantity of medicine or chemicals I pay many times the original cost of those articles, but what I thus pay is in much larger degree wages than profit. Out of such small sales the druggist must get not only the cost of what he sells me, with other costs incidental to the business, but also payment for his services. These services consist not only in the actual exertion of giving me what I want, but in waiting there in readiness to serve me when I choose to come. In the price of what he sells me he makes a charge for what printers call "waiting time." And he must manifestly not merely charge "waiting time" for himself, but also for the stock of many different things only occasionally called for, which he must keep on hand. He has been waiting there, with his stock, in anticipation of the fact

⁵ The *octroi*, or municipal tariff on produce brought into a town, is still levied in France, though abolished for a time by the Revolution. It is a survival of the local tariffs once common in Europe, which separated province from province and town from country. Colbert, the first Napoleon, and the German Zollverein did much in reducing and abolishing these restrictions to trade, producing in this way good results which are sometimes attributed by protectionists to external tariffs.

that such persons as myself, in sudden need of some small quantities of drugs or chemicals, would find it cheaper to pay him many times their wholesale cost than to go farther and buy larger quantities. What I pay him, even when it is not payment for the skilled labor of compounding, is largely a payment of the same nature as, were he not there, I might have had to make to a messenger.

If each consumer had to go to the producer for the small quantities individually demanded, the producer would have to charge a higher price on account of the greater labor and expense of attending to such small transactions. A hundred cases of shoes may be sold at wholesale in less time than would be consumed in suiting a customer with a single pair. On the other hand, the going to the producer direct would involve an enormous increase of cost and trouble to the consumer, even when such a method of obtaining things would not be utterly impossible.

What "middlemen" do is to save to both parties this trouble and expense, and the profits which competition permits them to charge in return are infinitesimal as compared with the enormous savings effected—are like the charge made to each consumer for the cost of the aqueducts, mains and pumping-engines of a great system of water-supply as compared with the cost of providing a separate system for each house.

And further than this, these middlemen between producer and consumer effect an enormous economy in the amount of commodities that it is necessary to keep in stock to provide for a given consumption, and consequently vastly lessen the loss from deterioration and decay. Let any one consider what amount of stores would be needed to keep in their accustomed supply even for a month a family used to easy access to those handy magazines of commodities which retail dealers maintain. He will see at once that there are a number of things such as fresh meat, fish, fruits, etc., which it is impossible to keep on hand, so as to be sure of having them when needed. And of the

things that would keep longer, such as flour, sugar, oil, etc., he will see that but for the retail dealer it would be necessary that much greater quantities should be kept in each house, with a much greater liability to loss from decay or accident. But it is when he comes to things not constantly needed, but which, when needed, though it may not be once a year or once a lifetime, may be needed very badly—that he will realize fully how the much-abused "middleman" economizes the capital of society and. increases the opportunities of its members.

A retail dealer is called by the English a "shopkeeper" and by the Americans a "storekeeper." The American usage best expresses his real function. He is in reality a keeper of stores which otherwise his customers would have to keep on hand for themselves, or go without. The English speak of the shops of cooperative supply associations as "stores," since it is in them that the various things required from time to time by the members of those associations are stored until called for. But this is precisely what, without any formal association, the retail dealer does for those who buy of him. And though cooperative purchasing associations have to a certain extent succeeded in England (they have generally failed in the United States) there can be no question that the functions of keeping things in store and distributing them to consumers as needed are on the whole performed more satisfactorily and more economically by self-appointed store- or stock-keepers than they could be as yet by formal associations of consumers. And the tendencies of the time to economies in the distribution as well as in the production of commodities, are bringing about through the play of competition just such a saving of expense to the consumer as is aimed at by cooperative supply associations.

That in civilized society to-day there seem to be too many storekeepers and other distributors is quite true. But so there seem to be too many professional men, too many mechanics, too many farmers, and too many laborers. What may be the cause of this most curious state of things it may hereafter lie in

our way to inquire, but at present I am only concerned in pointing out that the trader is not a mere "useless exchanger," who "adds nothing to the real wealth of society," but that the transporting, storing and exchanging of things are as necessary a part of the work of supplying human needs as is growing, extracting or making.

Nor should it "be forgotten that the investigator, the philosopher, the teacher, the artist, the poet, the priest, though not engaged in the production of wealth, are not only engaged in the production of utilities and satisfactions to which the production of wealth is only a means, but by acquiring and diffusing knowledge, stimulating mental powers and elevating the moral sense, may greatly increase the ability to produce wealth. For man does not live by bread alone. He is not an engine, in which so much fuel gives so much power. On a capstan bar or a topsail halyard a good song tells like muscle, and a "Marseillaise" or a "Battle Hymn of the Republic" counts for bayonets. A hearty laugh, a noble thought, a perception of harmony, may add to the power of dealing even with material things.

He who by any exertion of mind or body adds to the aggregate of enjoyable wealth, increases the sum of human knowledge or gives to human life higher elevation or greater fullness—he is, in the large meaning of the words, a "producer," a "working-man," a "laborer," and is honestly earning honest wages. But he who without doing ought to make mankind richer, wiser, better, happier, lives on the toil of others—he, no matter by what name of honor he may be called, or how lustily the priests of Mammon may swing their censers before him, is in the last analysis but a beggar-man or a thief.